



CONCURRENT MEETING
CITY COUNCIL/SUCCESSOR AGENCY TO
THE CRA/RCFC

Tuesday, February 18, 2014

5:30 PM – Regular Meeting

AGENDA

Dan Skoglund, Mayor

Robert J. McGarvey, Vice Mayor

David Sander, Council Member

Donald Terry, Council Member

Linda Budge, Council Member

Regular City Council meeting dates are scheduled on the 1st and 3rd Monday's of each month, unless when Monday is a holiday.
If Monday is a holiday, the meeting will be scheduled for the following Tuesday. Dates are subject to change.

City Council Regular Mtg	CANCELLED MTG	City Council Special Mtg	CANCELLED MTG	CITY HALL CLOSED
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2014 CITY HALL CLOSURE DATES						
Wed, Jan 1 - New Year's Day						
Mon, Jan 20 - Martin Luther King Jr. Day						
Mon, Feb 17 - President's Day						
Mon, May 26 - Memorial Day						
Fri, Jul 4 - Independence Day						
Mon, Sep 1 - Labor Day						
Tue, Nov 11 - Veteran's Day						
Thu, Nov 27 - Thanksgiving Day						
Fri, Nov 28 - Day After Thanksgiving Day						
Wed, Dec 24 - Christmas Eve						
Thu, Dec 25 - Christmas Day						

2015 - Proposed

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PROPOSED CITY HALL CLOSURE DATES						
Thu, Jan 1 - New Year's Day						
Mon, Jan 19 - Martin Luther King Jr. Day						
Mon, Feb 16 - President's Day						
Mon, May 25 - Memorial Day						
Fri, Jul 3 - Independence Day (observed)						
Mon, Sep 7 - Labor Day						
Wed, Nov 11 - Veterans Day						
Thu, Nov 26 - Thanksgiving Day						
Fri, Nov 27 - Day After Thanksgiving Day						
Thu, Dec 24 - Christmas Eve						
Fri, Dec 25 - Christmas Day						

2016 - Proposed

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**CONCURRENT MEETING
CITY COUNCIL/SUCCESSOR AGENCY TO THE COMMUNITY REDEVELOPMENT
AGENCY (CRA)/RANCHO CORDOVA FINANCING CORPORATION (RCFC)**

**City Hall
2729 Prospect Park Drive, Rancho Cordova**

Tuesday, February 18, 2014

**5:30 PM – Regular Meeting
David B. Roberts Council Chambers**

AGENDA

1. REGULAR MEETING - CALL TO ORDER / ROLL CALL

Council Members Budge, McGarvey, Sander, Terry and Mayor Skoglund.

2. METRO CABLE TV TELEVISION ANNOUNCEMENT

The Clerk will announce the meetings video recording and playback schedules.

3. PLEDGE OF ALLEGIANCE

The Mayor will call on someone in attendance to lead the Pledge.

4. INVOCATION

Pastor Tim Layfield from First Covenant Church will give the invocation.

5. PRESENTATIONS

- 5.1 Presentation of Proclamation in Support of Spay Day to Scottie Moore, President and Founder of Save our Cats and Kittens (SOCKS), and to Alexis Raymond, President of Sacramento Area Animal Coalition (SAAC).
- 5.2 Recognition of Council Member Donald Terry's Birthday on February 8th.

6. PUBLIC COMMENT

Citizens wishing to address the Council for any matter on the Consent Calendar or not on the agenda may do so at this time by completing and submitting a Speaker Card to the City Clerk. For items on the agenda, speakers will be called up to the podium by the Mayor at the point on the agenda when the item will be heard. Speakers are encouraged to keep comments to three minutes or less and to state name and community of residence.

Note, under the provisions of the California Government Code, the City Council is prohibited from discussing or taking immediate action on any unagendized item unless it can be demonstrated to be of an emergency nature or the need to take immediate action arose after the posting of the agenda.

7. COUNCIL REPORTS

8. CONSENT CALENDAR ITEMS - ROLL CALL VOTE

- 8.1 **Subject:** Meeting Minutes of February 3, 2014 Regular Meeting and February 11, 2014 Special Meeting.
Recommendation: Adopt Minutes.
- 8.2 **Subject:** Resolution of the City Council of the City of Rancho Cordova Appointing Joe Chinn as the Interim City Manager and Setting Terms of Employment for the Interim Assignment.
Recommendation: Staff recommends the City Council adopt the attached Resolution appointing Joe Chinn as Interim City Manager.
Result of Recommended Action: Adoption of Resolution No. 16-2014 will establish the terms of employment for the current Assistant City Manager, Joe Chinn, to serve as the Interim City Manager, including setting a monthly salary of \$17,036 per month. Following the selection of a new permanent City Manager, Mr. Chinn will resume his service as Assistant City Manager.
Staff Report: Adam U. Lindgren, City Attorney.
Advances Goals: 1, 2, 3, 4, 5, 6.
- 8.3 **Subject:** Resolution Authorizing Amendment No. 1 to the Capital Southeast Connector Joint Powers Agreement (JPA).
Recommendation: Adopt Resolution No. 10-2014, authorizing the City Attorney to sign the first amendment to the Capital Southeast Connector Joint Powers Agreement.
Result of Recommended Action: Adoption of this Resolution will expand guidelines addressing local jurisdiction membership withdraw, and will expand local jurisdiction roles in financial obligation and eminent domain processes relating to Capital Southeast Connector projects.
Staff Report: Cyrus Abhar, Public Works Director and Mark Thomas, Senior Engineer.
Advances Goal: 2.
- 8.4 **Subject:** Resolution Authorizing the Expansion of Fiscal Support for Highway 50 Improvements.
Recommendation: Adopt Resolution No. 14-2014, authorizing the City Manager and City Attorney to sign the first amendment to Rancho Cordova Contract No. 114-2013 with Caltrans.
Result of Recommended Action: Adoption of this Resolution will modify the current

agreement with Caltrans to allow a maximum City contribution of \$250,000. The current agreement caps the contribution at \$150,000.

Staff Report: Cyrus Abhar, Public Works Director and Mark Thomas, Senior Engineer.

Advances Goals: 1, 2.

- 8.5 **Subject:** Resolution Authorizing the City Manager to Execute a Professional Service Agreement with MCE Corporation in an Amount Not to Exceed \$500,000 Annually for Operations and Maintenance Support.

Recommendation: Adopt Resolution No. 17-2014.

Result of Recommended Action: Adoption of this resolution will allow the City to continue contracting with MCE Corporation to provide graffiti and illegal signs removal, pothole patching, replacement of damaged or faded traffic signs, removal of illegal dumping, and response to emergency or afterhours calls for service.

Staff Report: Cyrus Abhar, Public Works Director & John Samuelson, Streets Operations and Maintenance Manager.

Advances Goals: 1, 2, 5.

- 8.6 **Subject:** Amended and Restated Disposition and Development Agreement with Mercy Housing for Phase 1 of the Mather Veterans' Village Affordable Housing Development for Homeless and Disabled Veterans.

Recommendation: Adopt Resolution No. 13-2014 (Attachment 1) authorizing the City Manager to execute the Amended and Restated Disposition and Development Agreement (DDA) (Attachment 2) and related instruments with Mercy Housing, a California 501c3 not-for-profit corporation ("Developer").

Result of Recommended Action: Adoption of this resolution will provide the City Manager authorization to execute the Amended and Restated DDA and related instruments with Developer for Phase 1 of Mather Veterans' Village, an affordable housing development for homeless and disabled veterans. It will allow the Developer to prepare and submit a competitive Tax Credit application for project gap funding on or before March 5, 2014.

Staff Report: Reed Flory, Housing Division.

Advances Goals: 1, 2, 3, 5, 6.

- 8.7 **Subject:** Resolution Authorizing the Second Amendment to the Transit Operations and Management Agreement with Sacramento Regional Transit.

Recommendation: Approve Resolution No. 11-2014, authorizing the City Manager to sign an amendment that will extend the operations and management of Rancho Cordovan service provided by Sacramento Regional Transit (Sac RT).

Result of Recommended Action: Sacramento Regional Transit will commit to providing the continuation of Rancho Cordovan services at the rates proposed in the 2009 contract agreement between the City and Sac RT. Sac RT will also commit to service future expansions under the same cost structure.

Staff Report: Cyrus Abhar, Public Works Director and Mark Thomas, Senior Engineer.

Advances Goals: 1, 2, 5.

- 8.8 **Subject:** Resolution to Rescind Requirement to Install Dual Plumbed Recycled Water System (Purple Pipe).

Recommendation: Adopt Resolution No. 9-2014.

Result of Recommended Action: Adoption of this Resolution will cease the requirement conditioned on new development to install a dual plumbed recycled water system, commonly referred to as purple pipe, in the City of Rancho Cordova.

Staff Report: Cyrus Abhar, Public Works Director & Elizabeth Sparkman, Senior Engineer.

Advances Goal: 6.

9. CONSENT PUBLIC HEARING ITEMS - ROLL CALL VOTE

- 9.1 **Subject:** Ordinances Reinstating the Annual Program Fee Inflationary Adjustments for Certain Plan Area Development Impact Fee Programs and Changing the Annual Adjustment Date Starting in 2015.
Recommendation: Introduce and waive the first reading of Ordinances Nos. 4-2014 and 5-2014, reinstating the annual program fee inflationary adjustments and changing the adjustment date for the following Development Impact Fee Programs:
a) Villages of Zinfandel Special Plan Area
b) Sunrise Douglas Community Plan Area
Result of Recommended Action: Adoption of these Ordinances will reinstate the annual Construction Cost Index (CCI) inflationary fee adjustment for certain Plan Area Development Impact Fee Programs without making up for the suspension of past adjustments and changes the adjustment date from March 1st to January 1st starting in 2015 to be consistent with other fee programs.
Staff Report: Michelle Mingay, Sr. Finance Analyst.
Advances Goal: 5.
- 9.2 **Subject:** Ordinance Amendments to Eliminate North Vineyard Well Protection Fee and Groundwater Optimization Fee.
Recommendation: Waive the first reading and introduce Ordinance No. 2-2014 and Ordinance No. 3-2014.
Result of Recommended Action: Adoption of these Ordinances will revise Ordinance SZC-2002-0014 by deleting conditions 24 and 25 and Ordinance SZC-2002-0015 by deleting conditions 23 and 24 as they relate to the establishment and collection of fees for the North Vineyard Well Protection Insurance Program and the Groundwater Optimization Program.
Staff Report: Cyrus Abhar, Public Works Director & Elizabeth Sparkman, Senior Engineer.
Advances Goal: 6.
- 9.3 **Subject:** Mather Veterans' Village Tentative Parcel Map; Project No. DD8438 – Located at 3611 Bleckley Street.
Recommendation: Adopt the Resolution No. 15-2014.
Result of Recommended Action: Adoption of Resolution No. 15-2014 would approve the applicant's request to divide a developed 20.17 acre parcel into four new parcels of 1.11 acres, 1.19 acres, 1.38 acres and a remainder parcel of 16.49 acres. The new 1.38 acre parcel contains an existing 24,093 square foot building while the new 1.19 acre and 1.11 acre parcels are comprised of existing parking and landscaped areas. The 16.49 acre remainder parcel has a variety of different structures with parking and landscaping as well as some undeveloped sections adjacent to Femoyer Street. This subdivision is necessary to implement the Mather Veterans' Village housing project (DD7915) that was approved by City Council on July 15, 2013.
Staff Report: Matthew Diaz, Associate Planner, and Reed Flory, Housing Services Administrator.
Advances Goals: 1, 2, 5.

10. PUBLIC HEARING ITEMS

NONE.

11. REGULAR CALENDAR ITEMS

12. COUNCIL REQUESTS FOR FUTURE AGENDA ITEMS

13. CITY MANAGER'S REPORT

Administrative Services: Human Resources, Information Technology and Finance.

14. ADJOURNMENT

Mayor Skoglund will adjourn the meeting to closed session in the Community Board Room.

15. CLOSED SESSION - CALL TO ORDER/ROLL CALL

Council Members Budge, McGarvey, Sander, Terry and Mayor Skoglund.

16. CLOSED SESSION

Council may adjourn to Closed Session to discuss the following item(s):

PUBLIC EMPLOYEE APPOINTMENT (If Needed)

Title: City Manager

Pursuant to Government Code Section 54957

17. OPEN SESSION - REPORT FROM CLOSED SESSION

The City Attorney will report on action taken in Closed Session.

18. ADJOURNMENT

ADDITIONAL INFORMATION

UNLESS THE COUNCIL ADOPTS A MOTION TO EXTEND THE MEETING, ANY ITEM THAT IS NOT INITIATED BEFORE 11:00 PM WILL BE CONTINUED TO THE NEXT DAY AT 5:30 PM OR SCHEDULED ON THE NEXT REGULAR MEETING AGENDA OF THE COUNCIL.

Public documents related to items on the open session portion of this agenda, which are distributed to the City Council less than 72 hours prior to the meeting, shall be available for public inspection at the time the documents are distributed to the Council. Documents are available for inspection at the City Clerk's office located in Rancho Cordova City Hall.

The agenda items are accessible on the City's website at www.cityofranchocordova.org on Thursdays or Fridays prior to the Regular City Council Meeting.

CITYWIDE GOALS - (Adopted March 27, 2012)	
1.	Promote the Positive Image of Rancho Cordova
2.	Ensure a Safe, Inviting and Livable Community
3.	Empower Responsible Citizenship
4.	Establish Logical City Boundaries that Provide Regional Leadership and Address Financial Challenges
5.	Ensure the Availability of the Best Public Services in the Region while Practicing Sound Fiscal Management
6.	Drive Diverse Economic Opportunities

UPCOMING MEETINGS	
<i>Tuesday, February 18, 2014</i>	<i>City Council Regular Meeting (5:30 PM)</i>
<i>Monday, March 3, 2014</i>	<i>City Council Special Meeting/Study Session (4:00 PM) and Regular Meeting (5:30 PM)</i>
<i>Monday, March 17, 2014</i>	<i>City Council Regular Meeting (5:30 PM)</i>
<i>Tuesday, March 25, 2014</i>	<i>City Council Special Meeting/Work Session (5:30 PM)</i>
<i>Tuesday, March 28, 2014</i>	<i>City Council Special Meeting/Work Session (11:00 AM) Topic: Corporate Report</i>
<i>Monday, April 7, 2014</i>	<i>City Council Special Meeting/Study Session (4:00 PM) and Regular Meeting (5:30 PM)</i>

If you have any technical questions related to the agenda items, please contact the appropriate department as follows:

DEPARTMENTAL GENERAL TELEPHONE NUMBERS	
Building and Safety Division	(916) 851-8760
City Attorney's Office	(916) 556-1531
City Clerk's Department	(916) 851-8720
City Manager's Office	(916) 851-8800
Communications Department	(916) 851-8791
Economic Development Department	(916) 851-8780
Finance Department	(916) 851-8730
Housing Division	(916) 851-8784
Human Resources Department	(916) 851-8740
IT Department	(916) 851-8700
Neighborhood Services – Animal Services	(916) 851-8770
Parks & Recreation (Cordova Recreation & Park District)	(916) 362-1841
Planning Department	(916) 851-8750
Public Works Department	(916) 851-8710
Rancho Cordova Police Department	(916) 875-9600
Redevelopment Department	(916) 851-8780
Sac Metro Fire District	(916) 859-4300

The Rancho Cordova City Council/Successor Agency to the CRA/RCFC will be videotaped in its entirety and will be cablecast without interruption on Metro Cable 14, the Government Affairs Channel on the Comcast and SureWest Cable Systems. Closed Captioning will be available on the playback cablecast. Tune to Metro Cable Channel 14, for playback times. A VHS copy is available for check out from any library branch, a DVD copy is available from the City Clerk's Department, and a webcast of this meeting will be available for viewing via video streaming from the City's website within 48 hours of adjournment of this meeting. The City does not control scheduling of this telecast and persons interested in watching the televised meeting should confirm this schedule with Metro Cable TV, Channel 14.

In compliance with the Americans with Disabilities Act, if you need a disability-related modification or accommodation, including auxiliary aids or services, to participate in this meeting, please contact the City Clerk's Office at (916) 851-8720 at least 48 hours prior to the meeting.

CERTIFICATION OF POSTING OF AGENDA

I, Mindy Cuppy, CMC, City Clerk for the City of Rancho Cordova, declare that the foregoing agenda for the Tuesday, February 18, 2014 Regular Meeting of the Rancho Cordova City Council/Successor Agency to the CRA/RCFC was posted and available for review on Thursday, February 13, 2014 at City Hall of the City of Rancho Cordova, 2729 Prospect Park Drive, Rancho Cordova, California, 95670. The agenda is also available on the city website at www.cityofranchocordova.org.

Signed Thursday, February 13, 2014 at Rancho Cordova, California.


Mindy Cuppy, CMC, City Clerk



**CONCURRENT MEETING
CITY COUNCIL/SUCCESSOR AGENCY TO THE COMMUNITY REDEVELOPMENT
AGENCY (CRA)/RANCHO CORDOVA FINANCING CORPORATION (RCFC)**

**City Hall
2729 Prospect Park Drive, Rancho Cordova**

Monday, February 03, 2014

**5:30 PM – Regular Meeting
David B. Roberts Council Chambers**

DRAFT MINUTES

1. REGULAR MEETING - CALL TO ORDER / ROLL CALL

Mayor Skoglund called the regular meeting to order in the David B. Roberts Council Chambers at 5:33 PM.

Council Members Present: McGarvey, Skoglund, Budge, Sander

Council Members Absent: Terry

Staff Members Present: Lindgren, Cuppy, Abhar, Chinn, Silva, Haven, Mingay, Thomas, Goold, George, Junker, Gassaway

2. METRO CABLE TV TELEVISION ANNOUNCEMENT

The City Clerk read the meetings recordings and playback schedules.

3. PLEDGE OF ALLEGIANCE

Shelly Blanchard from Cordova Community Council led the pledge.

4. INVOCATION

Reverend David McFarland from New Life Center, Rancho Cordova gave the invocation.

5. PRESENTATIONS

- 5.1 Presentation Regarding Cordova High School Sober Graduation by Cordova High School Parent Teacher Student Association (PTSA) President, Sheryl Longworth.

6. PUBLIC COMMENT

Mayor Skoglund opened the public comment period. There were no speakers. Mayor Skoglund closed the public comment period.

7. COUNCIL REPORTS

Council reported on events since the last meeting.

8. CONSENT CALENDAR ITEMS - ROLL CALL VOTE

ACTION: Motion to approve by Budge second by McGarvey;
Carried by a 4:0 roll call vote (Terry absent).

- 8.1 **Subject:** Meeting Minutes of January 21, 2014 Regular Meeting.
Recommendation: Adopt minutes.

- 8.2 **Subject:** Second Reading of Ordinance No. 1-2014, Amending Chapter 2.04 and Sections 2.38.020 and 3.60.030 of the Rancho Cordova Municipal Code to Increase the City Manager's Authority to Settle Third-Party Disputes and Claims.
Recommendation: Waive the second reading and adopt by title only Ordinance No. 1-2014.

Result of Recommended Action: This Ordinance amends the Municipal Code to increase the City Manager's settlement authority regarding third party disputes to \$100,000, to match the City Manager's purchasing authority. This authority would not apply to personal injury or property claims made pursuant to the Government Claims Act or the City's claim procedures. Currently, the City Manager may settle third party disputes for sums up to \$4,999 without City Attorney concurrence and may settle disputes between \$5,000 and \$25,000 with City Attorney concurrence. This Ordinance increases the City Manager's authority to settle disputes to \$100,000, but requires the City Manager to get City Attorney concurrence before settling a third party dispute valued at \$25,000 or more. The Ordinance also amends the Municipal Code to increase the City Manager's settlement authority to \$50,000 for claims for money or damages filed pursuant to the Government Claims Act or the City's claim procedures. This is the maximum amount allowed by law.

Staff Report: Donna Silva, Finance Director.

Advances Goal: 5.

- 8.3 **Subject:** Resolutions of the City of Rancho Cordova and the Successor Agency to the Former Redevelopment Agency of the City of Rancho Cordova Approving a Loan Agreement Between the Two Entities.

Recommendation: Staff recommends Council and Successor Agency adopt the following resolutions:

1. City Council Resolution No. 7-2014; and
2. Successor Agency Resolution No. SA-1-2014.

Result of Recommended Action: Adoption of these resolutions will allow the City of Rancho Cordova to be reimbursed for any funds loaned to the Successor Agency for

administrative expenses during the ROPS 13-14B period covering January 1, 2014 to June 30, 2014.

Staff Report: Michelle Mingay, Sr. Finance Analyst.

Advances Goal: 5.

- 8.4 **Subject:** A Resolution of the Rancho Cordova Successor Agency Approving a Recognized Obligation Payment Schedule (ROPS 14-15A) and Administrative Budget for July through December 2014.

Recommendation: Adopt Resolution No. SA-2-2014, Approving a Recognized Obligation Payment Schedule (the “ROPS 14-15A”) and Administrative Budget for July 1, 2014 through December 31, 2014.

Result of Recommended Action: Approval of this resolution will allow the Rancho Cordova Successor Agency to make payments on obligations listed on ROPS 14-15A and establishes the administrative budget for the six month period; to the extent funds are available.

Staff Report: Michelle Mingay, Finance Department.

Advances Goal: 5.

- 8.5 **Subject:** Appointment of the City of Rancho Cordova Employee Representative to the Oversight Board of the Successor Agency to the Former Community Development Agency.

Recommendation: Adopt Resolution No. 12-2014.

Result of Recommended Action: Adoption of this resolution will recognize Joe Chinn as the appointee to the Oversight Board of the Successor Agency to the City of Rancho Cordova’s Community Redevelopment Agency representing the employees of the former redevelopment agency.

Staff Report: Mindy Cuppy, CMC, City Clerk.

Advances Goal: 5.

- 8.6 **Subject:** Appointment of Labor Negotiators for the position of Interim City Manager.

Recommendation: Appoint Adam Lindgren as Labor Negotiator.

Result of Recommended Action: This action will designate representatives authorized to negotiate contract, salary and fringe benefits for the position of Interim City Manager.

- 8.7 **Subject:** Appointment of Labor Negotiators for the Position of City Manager.

Recommendation: Appoint Bob Murray and Adam Lindgren as Labor Negotiators.

Result of Recommended Action: This action will designate representatives authorized to negotiate contract, salary and fringe benefits for the position of City Manager.

9. CONSENT PUBLIC HEARING ITEMS - ROLL CALL VOTE

Mayor Skoglund opened the public comment period. There were no speakers. Mayor Skoglund closed the public comment period.

ACTION: Motion to approve by Budge second by McGarvey;
Carried by a 4:0 roll call vote (Terry Absent).

- 9.1 **Subject:** 10240 Systems Parkway Lot Split Tentative Parcel Map; Project No. DD8420 – Located at 10240 Systems Parkway.

Recommendation: Adopt the Resolution No. 8-2014.

Result of Recommended Action: Adoption of Resolution No. 8-2014 would approve the applicant's request for a parcel split to subdivide the existing 4.77 acre parcel into two new parcels at 1.84 acres and 2.93 acres, each with a single building. The new 1.84 acre parcel contains an existing 6,000 square foot building while the new 2.93 acre parcel contains an existing 38,760 square foot building with shared parking and landscaped areas. The buildings could then be sold individually in the future and the project would be conditioned to maintain the common parking and access. The owner may wish to impose private conditions in the form of CC&R's to control other common maintenance needs outside the City preview.

Staff Report: Matt Diaz, Associate Planner.

Advances Goal: 5.

10. PUBLIC HEARING ITEMS

NONE.

11. REGULAR CALENDAR ITEMS

NONE.

12. COUNCIL REQUESTS FOR FUTURE AGENDA ITEMS

Budge asked for confirmation that that Regional Transit Police will be coming to make a presentation. The City Clerk reported that she is working with their clerk to get a date.

13. CITY MANAGER'S REPORT

Joe Chinn, Assistant City Manager, will be having discussions with other City Managers regarding Assembly Bill 1521 and SB 69.

14. ADJOURNMENT

Mayor Skoglund adjourned the meeting in memory of Pete Seeger and Morrie Turner at 6:28 PM.

15. CLOSED SESSION - CALL TO ORDER/ROLL CALL

Mayor Skoglund called the closed session to order in the Community Board Room at 6:39 PM.

Council Members Present: McGarvey, Skoglund, Budge, Sander

Council Members Absent: Terry

Staff Members Present: Lindgren, Cuppy, Peterson

16. CLOSED SESSION

PUBLIC EMPLOYEE APPOINTMENT (If Needed)
Title: City Manager
Pursuant to Government Code Section 54957

ACTION: Discussion item only; no action taken.

CONFERENCE WITH LABOR NEGOTIATORS (If Needed)
Agency designated representative: Adam Lindgren
Unrepresented employee: Interim City Manager
Pursuant to Government Code Section 54957

ACTION: Discussion item only; no action taken.

CONFERENCE WITH LABOR NEGOTIATORS (If Needed)
Agency designated representative: Bob Murray and Adam Lindgren
Unrepresented employee: City Manager
Pursuant to Government Code Section 54957

ACTION: Item not discussed.

17. OPEN SESSION - REPORT FROM CLOSED SESSION

City Attorney Adam Lindgren reported that there was no reportable action from closed session.

18. ADJOURNMENT

Mayor Skoglund adjourned the meeting at 7:13 PM.

Mindy Cuppy, CMC, City Clerk



**CONCURRENT MEETING
CITY COUNCIL/SUCCESSOR AGENCY COMMUNITY REDEVELOPMENT AGENCY
(CRA)/RANCHO CORDOVA FINANCING CORPORATION (RCFC)**

City Hall
2729 Prospect Park Drive, Rancho Cordova

Tuesday, February 11, 2014

5:30 PM – Special Meeting
American River Community Room North

DRAFT MINUTES

1. WORK SESSION - CALL TO ORDER/ROLL CALL

Mayor Skoglund called the special meeting to order in the American River Community Room North at 5:42 PM.

Council Members Present: McGarvey, Skoglund, Budge, Sander, Terry

Council Members Absent: None.

Staff Members Present: Lindgren, Cuppy, Abhar, Chinn, Silva, Gassaway, Junker, Haven, Cook

2. PUBLIC COMMENT

Mayor Skoglund opened the public comment period. The following individuals addressed the Council:

- Rod Borba representing Cordova Girls Softball.

Mayor Skoglund closed the public comment period.

3. SPECIAL MEETING ITEM

- 3.1 **Subject:** Joint Work Session Between the Rancho Cordova City Council and the Cordova Recreation and Park District Board of Directors.

ACTION: Discussion item only; no action taken.

4. ADJOURNMENT

Mayor Skoglund adjourned the meeting at 9:23 PM.

Mindy Cuppy, CMC, City Clerk

MEMORANDUM



DATE: February 11, 2014

TO: Honorable Mayor and Council Members

FROM: Adam U. Lindgren, City Attorney

SUBJECT: RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RANCHO CORDOVA APPOINTING JOE CHINN AS THE INTERIM CITY MANAGER AND SETTING THE TERMS OF EMPLOYMENT FOR THE INTERIM ASSIGNMENT.

RECOMMENDATION

Staff recommends the City Council adopt the attached Resolution appointing Joe Chinn as Interim City Manager.

RESULT OF RECOMMENDED ACTION

Adoption of Resolution No.16-2014 will establish the terms of employment for the current Assistant City Manager, Joe Chinn, to serve as the Interim City Manager, including setting a monthly salary of \$17,036 per month. Following the selection of a new permanent City Manager, Mr. Chinn will resume his service as Assistant City Manager.

OVERVIEW

Joe Chinn has been employed by the City as Assistant City Manager since September 25, 2006. The City's current City Manager, Ted Gaebler, is retiring on February 19, 2014, after more than ten years of successful service as City Manager. The City is recruiting for a new City Manager to join the City later this year, likely this summer. The City Council has expressed its desire to maintain the high quality of staff service, management and leadership in the City during this transition. The City Council, therefore, directed its labor negotiators to negotiate and prepare a Resolution which would allow Joe Chinn to temporarily assume the role of City Manager during this interim period. The attached Resolution would provide Joe Chinn with additional compensation within the existing approved City Manager salary range, and otherwise fully authorize him to perform all of the legal obligations, duties and functions as City Manager.

ATTACHMENT

1. Resolution No. 16-2014.

2237354.1

CITY OF RANCHO CORDOVA

RESOLUTION NO. 16-2014

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RANCHO CORDOVA
APPOINTING JOE CHINN AS THE INTERIM CITY MANAGER AND SETTING TERMS
OF EMPLOYMENT FOR THE INTERIM ASSIGNMENT**

WHEREAS, Joe Chinn has been employed by the City as Assistant City Manager from September 25, 2006, to present; and

WHEREAS, Ted Gaebler is retiring on February 19, 2014 after more than ten (10) years of successful service as City Manager; and

WHEREAS, the City is now recruiting for a new City Manager to join the City later this year; and

WHEREAS, the City Council now desires to appoint Joe Chinn to serve as Interim City Manager until the new City Manager is selected and starts work for the City; and

WHEREAS, after his service as Interim City Manager, the City Council wants Joe Chinn to continue his employment with the City under his terms of employment as the Assistant City Manager.

NOW THEREFORE, the City Council of the City of Rancho Cordova hereby resolves that:

1. Joe Chinn is hereby appointed as Interim City Manager effective February 20, 2014, at 12:00 a.m.
2. While employed as Interim City Manager, Joe Chinn shall receive a monthly salary of \$17,036.00, which is "Step B" of salary range #527 on the current City Manager salary scale adopted by City of Rancho Cordova Resolution No. 190-2006. Pursuant to Section 7 of this Resolution, Joe Chinn's monthly salary will return to his Assistant City Manager salary immediately after his service as Interim City Manager ends. Joe Chinn's benefits, other than salary and salary-derived benefits, are not changed by this Resolution.
3. While working as Interim City Manager, Joe Chinn shall perform the functions, duties and exercise all the powers of the City Manager position specified in the City Manager job description/classification, the Rancho Cordova Municipal Code, as well as other duties and functions assigned by the City Council.
4. As Interim City Manager, Joe Chinn shall have the responsibility of exercising control of the City government in extreme emergencies when there is not sufficient opportunity for the City Council to act. In such an instance Joe Chinn, as Interim City Manager, or the Mayor shall have the authority to hire necessary extra personnel, purchase necessary supplies and equipment and take other actions necessary to meet such emergencies.

5. In accordance with and subject to California's Tort Claims Act (Government Code Section 825 et seq.), City shall defend and indemnify Joe Chinn, as the Interim City Manager, against and for all losses sustained by Joe Chinn as the Interim City Manager in direct consequences of the discharge of his duties on the City's behalf for the period of his employment.

The City shall defend, save harmless and indemnify Joe Chinn as Interim City Manager against any tort, professional liability claim or demand or other legal action, whether groundless or otherwise, arising out of an alleged act of omission occurring in the performance of his duties as the Interim City Manager. The City will compromise and settle any such claim or suit and pay the amount of any settlement or judgment rendered thereon.

If Joe Chinn, as the Interim City Manager, is sued for damages arising out of the performance of his duties, the City shall provide defense counsel for him in such suit and indemnify him from any judgment rendered against him; provided that such indemnity shall not extend to any judgment for damages arising out of any willful wrongdoing. Said indemnification shall extend beyond termination of employment and the otherwise expiration of this agreement to provide protection for any such acts undertaken or committed in his capacity as the Interim City Manager, regardless of whether the notice of filing of a lawsuit occurs during or following employment with the City.

6. The City will pay for a corporate surety bond for Joe Chinn as Interim City Manager in an amount and terms approved by the Finance Director and the City Attorney.
7. Joe Chinn's service as Interim City Manager is subject to the complete discretion of the City Council and such assignment may be terminated by a majority vote of the City Council at any time for any or no reason, with ten (10) days written notice. Joe Chinn may also end his service as Interim City Manager by giving the City Council twenty-one (21) days written notice. At such time as either the City Council or Joe Chinn conclude his service as City Manager, he shall resume his Assistant City Manager position under his current terms of employment.

PASSED AND ADOPTED by the City Council of the City of Rancho Cordova this _____ day of _____ 2014, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Dan Skoglund, Mayor

ATTEST:

Mindy Cuppy, CMC, City Clerk

2228229.2

MEMORANDUM



DATE: February 18, 2014

TO: Honorable Mayor and Council Members

FROM: Cyrus Abhar, Public Works Director
Mark Thomas, Senior Engineer

SUBJECT: APPROVE RESOLUTION AUTHORIZING AMENDMENT NO. 1 TO THE CAPITAL SOUTHEAST CONNECTOR JOINT POWERS AGREEMENT (JPA)

RECOMMENDATION

Adopt Resolution No. 10-2014 authorizing the City Attorney to sign the first amendment to the Capital Southeast Connector Joint Powers Agreement.

RESULT OF RECOMMENDED ACTION

Adoption of this Resolution will expand guidelines addressing local jurisdiction membership withdraw, and will expand local jurisdiction roles in financial obligation and eminent domain processes relating to Capital Southeast Connector projects.

BACKGROUND

The Joint Exercise of Powers Agreement for the Elk Grove – Rancho Cordova – El Dorado Connector Authority (now the Capital Southeast Connector) was originally signed in December of 2006. The members of the authority include the Counties of El Dorado and Sacramento and the Cities of Rancho Cordova, Folsom and Elk Grove.

As the project moves toward implementation, clarification of individual jurisdiction roles and authority are needed. The amendment under consideration will provide the two following modifications.

1. Section 3. Term and Termination – Provides new language allowing individual members of the JPA to withdraw their membership within 10 days upon written notification to other JPA Members.
2. Section 7. Voting – JPA Board actions related to eminent domain and enforceable financial obligation within each jurisdiction must be considered and agreed upon by the local board, prior to any Connector JPA action.

ATTACHMENTS

1. Resolution No. 10-2014.
2. Amendment No. 1 to the Capital Southeast Connector JPA.

ATTACHMENT 1**CITY OF RANCHO CORDOVA****RESOLUTION NO. 10-2014**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RANCHO CORDOVA
AUTHORIZING AMENDMENT NO. 1 TO THE CAPITAL SOUTHEAST CONNECTOR
JOINT POWERS AGREEMENT (JPA)**

WHEREAS, the Joint Exercise of Powers Agreement for the Elk Grove – Rancho Cordova – El Dorado Connector Authority (now the Capital Southeast Connector) was originally signed in December of 2006; and

WHEREAS, clarification of individual jurisdiction roles and authority have been identified as the project move towards implementation; and

WHEREAS, Amendment No. 1 will provide new language allowing individual members of the JPA to withdraw their membership within 10 days upon written notification to other JPA Members; and

WHEREAS, Amendment No. 1 will also require JPA Board actions related to eminent domain and enforceable financial obligation within each jurisdiction to be considered and agreed upon by the local board, prior to any Connector JPA action.

NOW, THEREFORE, BE IT HEREBY RESOLVED THE CITY COUNCIL OF THE CITY OF RANCHO CORDOVA does authorize the City Manager to execute Contract Amendment No. 1 to the Capital Southeast Connector JPA in a form approved by the City Attorney.

PASSED AND ADOPTED by the City Council of the City of Rancho Cordova on the ____ day of _____, 2014 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Dan Skoglund, Mayor

ATTEST:

Mindy Cuppy, CMC, City Clerk

AMENDMENT NO. 1
JOINT EXERCISE OF POWERS AGREEMENT
FOR THE ELK GROVE – RANCHO CORDOVA – EL DORADO
CONNECTOR AUTHORITY

The Joint Exercise of Powers Agreement establishing the Elk Grove – Rancho Cordova – El Dorado Connector Authority (commonly known as the Capital SouthEast Connector JPA”), dated December 12, 2006 (the “Agreement”), by and among the City of Elk Grove, the County of Sacramento, the City of Rancho Cordova, the City of Folsom, and the County of El Dorado (collectively the “Members”), is amended effective on the last date executed by all parties, as follows:

1. Section 3 of the Agreement, titled “Term and Termination,” is amended to read as follows: This Agreement shall be effective as of the date first written above. It shall remain in effect until (a) the purpose stated in Section 1 of the Agreement is fully accomplished; (b) until terminated by vote of a majority of the Members then participating; or (c) automatically upon the withdrawal of a majority of its Members. The Agreement may not be terminated if: (i) all bonds and other instruments of indebtedness issued by the Authority, if any, have not been paid in full or provision has not been made for payment in full; or (ii) all outstanding obligations and liabilities of the Authority have not been paid in full or provision has not been made for payment in full.

Notwithstanding the foregoing, any Member may withdraw its membership from the Authority upon 10 days written notice to each Member so long as no bonds or other instruments of indebtedness have been consented to by the Member under Section 7.c. which have not been paid in full or provisions have not been made for full payment, and provided that the Member has not received proceeds from bonds issued by the Authority for the Connector Project which have not been paid in full or for which there is no provision for full payment.

2. Section 7.a. of the Agreement is amended to read as follows:

“The affirmative vote of at least four directors is required to exercise the powers of eminent domain and to amend the Functional Guidelines referenced in Section 1 of this Agreement. The Board will not exercise its power of eminent domain within the jurisdiction of a Member without that affected Member’s governing body’s prior consideration and concurrence.”

3. The Agreement is amended to add a new Section 7.c., which shall read as follows:

“No vote shall be taken by the Board which shall impose an enforceable financial obligation upon a Member unless that Member’s governing body first considers and expressly agrees to assume that cost or financial obligation.”

4. Except as expressly amended herein, all terms and conditions of the Agreement shall remain in full force and effect.

This Amendment No. 1 may be executed in any number of counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which taken together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Members have entered into this Amendment effective on the date first above written.

COUNTY OF EL DORADO

Dated: _____

Attest: James S. Mitrison
Clerk of the Board of Supervisors

By: _____
Ron Briggs, Chair
Board of Supervisors

By: _____
Clerk, Board of Supervisors

COUNTY OF SACRAMENTO

Dated: _____

Attest:

Clerk, Board of Supervisors

By: _____
Jimmie Yee, Chair
Board of Supervisors

CITY OF ELK GROVE

Dated: _____

Attest:

City Clerk

By: _____
Gary Davis, Mayor
City Council

Approved as to Form:

City Attorney

CITY OF FOLSOM

Dated: _____

By: _____

Approved as to Form:

City Attorney

CITY OF RANCHO CORDOVA

Dated: _____

By: _____

Attest:

Approved as to Form:

City Clerk

City Attorney

MEMORANDUM



DATE: February 18, 2014

TO: Honorable Mayor and Council Members

FROM: Cyrus Abhar, Public Works Director
Mark Thomas, Senior Engineer

SUBJECT: APPROVE RESOLUTION AUTHORIZING THE EXPANSION OF FISCAL SUPPORT FOR HIGHWAY 50 IMPROVEMENTS

RECOMMENDATION

Adopt Resolution 14-2014 authorizing the City Manager and City Attorney to sign the first amendment to Rancho Cordova Contract No. 114-2013 with Caltrans.

RESULT OF RECOMMENDED ACTION

Adoption of this Resolution will modify the current agreement with Caltrans to allow a maximum City contribution of \$250,000. The current agreement caps the contribution at \$150,000.

BACKGROUND

On November 4, 2013 City Council approved a resolution allowing the City to partner with Caltrans by contributing \$150,000 for an improvement project along Highway 50 at the Folsom Boulevard Interchange. This project is required as part of improvements to the Hazel Avenue Interchange and is a condition for constructing the Rancho Cordova Parkway Interchange.

The intent of the City's contribution (and County Contribution) is to provide Caltrans a funding mechanism for project soft costs. Caltrans' original estimate of the "shelf readiness" of their 2006 project was underestimated and additional design updates are required. Sacramento County is processing an identical contract amendment for the same original and additional costs.

Caltrans is funding the construction cost for the project which is anticipated to be around \$4.5 million dollars.

ATTACHMENTS

1. Resolution No.14-2014.
2. Contract 114-2013-1.

ATTACHMENT 1

CITY OF RANCHO CORDOVA

RESOLUTION NO. 14-2014

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RANCHO CORDOVA
AUTHORIZING THE EXPANSION OF FISCAL SUPPORT FOR HIGHWAY 50
IMPROVEMENTS**

WHEREAS, on November 4, 2013 City Council approved a resolution allowing the City to partner with Caltrans by contributing \$150,000 for an improvement project along Highway 50 at the Folsom Boulevard Interchange; and

WHEREAS, this project is required as part of improvements to the Hazel Avenue Interchange and is a condition for constructing the Rancho Cordova Parkway Interchange; and

WHEREAS, the intent of the City's contribution (and County Contribution) is to provide Caltrans a funding mechanism for project soft costs; and

WHEREAS, Caltrans' original estimate of the "shelf readiness" of their 2006 project was underestimated and additional design updates are required; and

WHEREAS, the execution of Contract Amendment 114-2013-1 will increase the City's maximum contribution for the improvement project from \$150,000 to \$250,000.

NOW, THEREFORE, BE IT HEREBY RESOLVED THE CITY COUNCIL OF THE CITY OF RANCHO CORDOVA does authorize the City Manager to execute Contract Amendment 114-2013-1 with Caltrans in a form approved by the City Attorney.

PASSED AND ADOPTED by the City Council of the City of Rancho Cordova on the ____ day of _____, 2014 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Dan Skoglund, Mayor

ATTEST:

Mindy Cuppy, CMC, City Clerk

ATTACHMENT 2**AMENDMENT NO. 1 TO AGREEMENT**

This AMENDMENT, entered into effective on _____, is between the State of California, acting by and through its Department of Transportation, referred to herein as “CALTRANS”, and the

City of Rancho Cordova, a body politic and municipal corporation of the State of California, referred to hereinafter as “CITY”.

RECITALS

1. CALTRANS and CITY, collectively referred to herein as PARTNERS, entered into Cooperative Agreement 03-0544 (AGREEMENT) dated on October 7, 2013, which specified the terms and conditions for improvements to the Natoma Overhead located on U.S. Highway 50 (SAC 50, at PM 16.9/17.4).
2. AGREEMENT outlined work to widen the overhead structure by 2-lanes on the eastbound travel way, extend the weave lane by 1,000 feet beyond the structure, and provide ramp metering with HOV bypass, referred to herein as PROJECT.
3. Since execution of AGREEMENT, PARTNERS have agreed to enter into Amendment No. 1 to AGREEMENT (AMENDMENT) in order to change increase CITY’s contribution from \$150,000 to \$250,000.
4. PARTNERS intend to define herein the terms and conditions to increase CITY’s contribution by \$100,000.

IT IS THEREFORE MUTUALLY AGREED:

That AGREEMENT will be changed as follows:

1. Recital, Article 3 is amended in its entirety to read as follows:

CITY will contribute a fixed amount of \$250,000 to the PROJECT. Contributed funds will be used for PROJECT.

2. Article 12 is amended in its entirety to read as follows:

CITY will contribute the funds listed below:

FUNDING SUMMARY		
Fund Source	Fund Type	Amount
LOCAL	Local	\$250,000
Total Funds		\$250,000*

* \$72,000 will be used toward Right of Way railroad tasks, which work is eligible for reimbursement.

3. Article 15 is amended in its entirety to read as follows:

After all work for the PROJECT is complete, CALTRANS will submit a final accounting for all costs. Based on the final accounting CALTRANS will, if necessary, refund CITY the unexpended local fund sources shown in the FUNDING SUMMARY. CITY's monetary contribution shall not exceed \$250,000, regardless of the final total cost of the PROJECT, unless CITY authorizes a greater amount by amendment to this Agreement.

4. All other terms and conditions of AGREEMENT shall remain in full force and effect.

CONTACT INFORMATION

The information provided below indicates the primary contact information for each PARTNER to this Agreement. PARTNERS will notify each other in writing of any personnel or location changes. Contact information changes do not require an amendment to this Agreement.

The primary Agreement contact person for CALTRANS is:

John Holder, Project Manager
703 B Street
Marysville, CA 95901
Office Phone: (530) 741-5448
Mobile Phone: (530) 741-5448
Fax Number: (530) 741-4390
Email: John.Holder@dot.ca.gov

The primary Agreement contact person for CITY is:

Cyrus Abhar, P.E. Director of Public Works/ Chief Building Official
City of Rancho Cordova
2729 Prospect Park Drive
Rancho Cordova, CA 95670
Office Phone: (916) 851-8711
Mobile Phone: (916) 496-6657
Email: cabhar@cityofranchocordova.org

SIGNATURES

IN WITNESS WHEREOF, the PARTNERS have executed this Agreement as of the day and year first set forth above, which date shall be considered by the PARTNERS to be the effective date of this AGREEMENT.

PARTNERS declare that:

1. Each PARTNER is an authorized legal entity under California state law.
2. Each PARTNER has the authority to enter into this Agreement.
3. The people signing this Agreement have the authority to do so on behalf of their public agencies.

STATE OF CALIFORNIA
DEPARTMENT OF TRANSPORTATION

By: _____
Thomas L. Brannon
Deputy District Director, D3
Programming & Project Management

CERTIFIED AS TO FUNDS:

By: _____
District Project Control Officer

CITY OF RANCHO CORDOVA

By: _____
Ted A. Gaebler
Rancho Cordova City Manager

Agreement approved by City of Rancho
Cordova City Council with authority
delegated to the City Manager to execute.
City Council Date: _____
Item No. _____ Resolution No. _____

ATTEST:

Mindy Cuppy, CMC, City Clerk

APPROVED AS TO FORM AND
PROCEDURE:

By: _____
Adam Lindgren
City Attorney

MEMORANDUM

DATE: February 18, 2014

TO: Honorable Mayor and Council Members

FROM: Cyrus Abhar, Public Works Director & John Samuelson
Streets Operations and Maintenance Manager



SUBJECT: RESOLUTION AUTHORIZING THE CITY MANAGER TO EXECUTE A PROFESSIONAL SERVICE AGREEMENT WITH MCE CORPORATION IN AN AMOUNT NOT TO EXCEED \$500,000 ANNUALLY TO CONTINUE TO PROVIDE TRANSPORTATION OPERATIONS AND MAINTENANCE SUPPORT.

RECOMMENDATION

Adopt Resolution No. 17-2014.

RESULT OF RECOMMENDED ACTION

Adoption of this resolution will allow the City to continue contracting with MCE Corporation to provide graffiti and illegal signs removal, pothole patching, replacement of damaged or faded traffic signs, removal of illegal dumping, and response to emergency or afterhours calls for service.

BACKGROUND

In November of 2009, the City first contracted with MCE Corporation for a maintenance worker. Since that time, MCE Corporation has provided the City additional maintenance workers to perform routine maintenance activities such as graffiti removal, weed abatement, and sign replacement. As the City continues to take on additional services from the County, such as bridge maintenance and drainage maintenance, there have been additional needs for support related to the maintenance work being performed. This new contract will allow the City to use MCE Corporation to provide contract employees to handle our current and future operation and maintenance needs.

FISCAL IMPACT

An additional contract employee is already approved in the City budget. Funding for this position will come from multiple maintenance funds such as Measure A and Gas Tax.

ATTACHMENT

Resolution No. 17-2014 including Exhibit A – Contract No. 14- 2014.

CITY OF RANCHO CORDOVA

RESOLUTION NO. 17-2014

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RANCHO CORDOVA
AUTHORIZING THE CITY MANAGER TO EXECUTE AN AGREEMENT WITH MCE
CORPORATION FOR OPERATIONS AND MAINTENANCE SUPPORT**

WHEREAS, the City of Rancho Cordova wishes to contract with MCE Corporation for operations and maintenance support; and

WHEREAS, the amount of the agreement shall not exceed \$500,000 annually; and

WHEREAS, those services will exceed the maximum amount the City manager has authorization to approve; and

WHEREAS, there are sufficient funds budgeted to cover the costs of the contract.

NOW, THEREFORE, BE IT HEREBY RESOLVED THE CITY COUNCIL OF THE CITY OF RANCHO CORDOVA does authorize the City Manager to execute a contract with MCE Corporation, Consultant, attached as **Exhibit A** in a form approved by the City Attorney.

PASSED AND ADOPTED by the City Council of the City of Rancho Cordova on the ____ day of _____, 2014 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Dan Skoglund, Mayor

ATTEST:

Mindy Cuppy, CMC, City Clerk

**PROFESSIONAL SERVICES AGREEMENT BETWEEN
THE CITY OF RANCHO CORDOVA AND MCE CORPORATION**

THIS AGREEMENT for professional services is made by and between the City of Rancho Cordova, a California municipal corporation ("City"), and MCE Corporation ("Professional") as of February 18, 2014.

Section 1. SERVICES. Subject to the terms and conditions set forth in this Agreement, Professional shall provide to City the services described in the Scope of Work attached as Exhibit A at the time and place and in the manner specified therein. In the event of a conflict or inconsistency between the terms of this Agreement and Exhibit A, the Agreement shall prevail.

- 1.1 **Term of Services.** The term of this Agreement shall begin on the date first noted above and shall end on June 30, 2019, the date of completion specified in Exhibit A. Professional shall complete the work described in Exhibit A prior to that date, unless the term of the Agreement is otherwise terminated or extended, as provided for in Section 8. The time provided to Professional to complete the services required by this Agreement shall not affect the City's right to terminate the Agreement, as provided for in Section 8.
- 1.2 **Standard of Performance.** Professional shall perform all services required pursuant to this Agreement in the manner and according to the standards observed by a competent practitioner of the profession in which Professional is engaged in the geographical area in which Professional practices its profession. Professional shall prepare all work products required by this Agreement in a substantial, first-class manner and shall conform to the standards of quality normally observed by a person practicing in Professional's profession.
- 1.3 **Assignment of Personnel.** Professional shall assign only competent personnel to perform services pursuant to this Agreement. In the event that City, in its sole discretion, at any time during the term of this Agreement, desires the reassignment of any such persons, Professional shall, immediately upon receiving notice from City of such desire of City, reassign such person or persons.
- 1.4 **Time.** Professional shall devote such time to the performance of services pursuant to this Agreement as may be reasonably necessary to meet the standard of performance provided in Section 1.2 above and to satisfy Professional's obligations hereunder.

Section 2. COMPENSATION. City hereby agrees to pay Professional a sum not to exceed \$500,000 per fiscal year, notwithstanding any contrary indications that may be contained in Professional's proposal, for services to be performed and reimbursable costs incurred under this Agreement. In the event of a conflict between this Agreement and Professional's proposal, attached as Exhibit B, regarding the amount of compensation, the Agreement shall prevail. City shall pay Professional for services rendered pursuant to this Agreement at the time and in the manner set forth herein. The payments specified below shall be the only payments from City to Professional for services rendered pursuant to this Agreement. Professional shall submit all invoices to City in the manner specified herein. Except as specifically authorized by City, Professional shall not bill City for duplicate services performed by more than one person.

Last Revised July 31, 2012

Professional and City acknowledge and agree that compensation paid by City to Professional under this Agreement is based upon Professional's estimated costs of providing the services required hereunder, including salaries and benefits of employees and subcontractors of Professional. Consequently, the parties further agree that compensation hereunder is intended to include the costs of contributions to any pensions and/or annuities to which Professional and its employees, agents, and subcontractors may be eligible. City therefore has no responsibility for such contributions beyond compensation required under this Agreement.

2.1 Invoices. Professional shall submit invoices, not more often than once a month during the term of this Agreement, based on the cost for services performed and reimbursable costs incurred prior to the invoice date. Invoices shall contain the following information:

- Serial identifications of progress bills; i.e., Progress Bill No. 1 for the first invoice, etc.;
- The beginning and ending dates of the billing period;
- A Task Summary containing the original contract amount, the amount of prior billings, the total due this period, the balance available under the Agreement, and the percentage of completion;
- At City's option, for each work item in each task, a copy of the applicable time entries or time sheets shall be submitted showing the name of the person doing the work, the hours spent by each person, a brief description of the work, and each reimbursable expense;
- The total number of hours of work performed under the Agreement by Professional and each employee, agent, and subcontractor of Professional performing services hereunder, as well as a separate notice when the total number of hours of work by Professional and any individual employee, agent, or subcontractor of Professional reaches or exceeds 800 hours, which shall include an estimate of the time necessary to complete the work described in Exhibit A;
- The Professional's signature.

2.2 Monthly Payment. City shall make monthly payments, based on invoices received, for services satisfactorily performed, and for authorized reimbursable costs incurred. City shall have 30 days from the receipt of an invoice that complies with all of the requirements above to pay Professional.

2.3 Final Payment. Not used

2.4 Total Payment. City shall pay for the services to be rendered by Professional pursuant to this Agreement. City shall not pay any additional sum for any expense or cost whatsoever incurred by Professional in rendering services pursuant to this Agreement. City shall make no payment for any extra, further, or additional service pursuant to this Agreement.

In no event shall Professional submit any invoice for an amount in excess of the maximum amount of compensation provided above either for a task or for the entire Agreement,

unless the Agreement is modified prior to the submission of such an invoice by a properly executed change order or amendment.

- 2.5 **Hourly Fees.** Fees for work performed by Professional on an hourly basis shall not exceed the amounts shown on the fee schedule set forth in Exhibit B.
- 2.6 **Reimbursable Expenses.** Expenses not listed in Exhibit B are not chargeable to City. Reimbursable expenses are included in the total amount of compensation provided under this Agreement that shall not be exceeded.
- 2.7 **Payment of Taxes.** Professional is solely responsible for the payment of employment taxes incurred under this Agreement and any similar federal or state taxes.
- 2.8 **Payment upon Termination.** In the event that the City or Professional terminates this Agreement pursuant to Section 8, the City shall compensate the Professional for all outstanding costs and reimbursable expenses incurred for work satisfactorily completed as of the date of written notice of termination. Professional shall maintain adequate logs and timesheets in order to verify costs incurred to that date.
- 2.9 **Authorization to Perform Services.** The Professional is not authorized to perform any services or incur any costs whatsoever under the terms of this Agreement until receipt of authorization from the Contract Administrator.

Section 3. FACILITIES AND EQUIPMENT. Except as set forth herein, Professional shall, at its sole cost and expense, provide all facilities and equipment that may be necessary to perform the services required by this Agreement. City shall make available to Professional only the facilities and equipment listed in this section, and only under the terms and conditions set forth herein.

City shall furnish physical facilities such as desks, filing cabinets, and conference space, as may be reasonably necessary for Professional's use while consulting with City employees and reviewing records and the information in possession of the City. The location, quantity, and time of furnishing those facilities shall be in the sole discretion of City. In no event shall City be obligated to furnish any facility that may involve incurring any direct expense, including but not limited to computer, long-distance telephone or other communication charges, vehicles, and reproduction facilities.

Section 4. INSURANCE REQUIREMENTS. Before beginning any work under this Agreement, Professional, at its own cost and expense, shall procure "occurrence coverage" insurance against claims for injuries to persons or damages to property that may arise from or in connection with the performance of the work hereunder by the Professional and its agents, representatives, employees, and subcontractors. Professional shall provide proof satisfactory to City of such insurance that meets the requirements of this section and under forms of insurance satisfactory in all respects to the City. Professional shall maintain the insurance policies required by this section throughout the term of this Agreement. The cost of such insurance shall be included in the Professional's bid. Professional shall not allow any subcontractor to commence work on any subcontract until Professional has obtained all insurance required herein for the subcontractor(s) and provided evidence thereof to City. Verification of the required insurance shall be

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submitted and made part of this Agreement prior to execution. Professional shall maintain all required insurance listed herein for the duration of this Agreement.

- 4.1 Workers' Compensation.** Professional shall, at its sole cost and expense, maintain Statutory Workers' Compensation Insurance and Employer's Liability Insurance for any and all persons employed directly or indirectly by Professional. The Statutory Workers' Compensation Insurance and Employer's Liability Insurance shall be provided with limits of not less than ONE MILLION DOLLARS (\$1,000,000.00) per accident. In the alternative, Professional may rely on a self-insurance program to meet those requirements, but only if the program of self-insurance complies fully with the provisions of the California Labor Code. Determination of whether a self-insurance program meets the standards of the Labor Code shall be solely in the discretion of the Contract Administrator. The insurer, if insurance is provided, or the Professional, if a program of self-insurance is provided, shall waive all rights of subrogation against the City and its officers, officials, employees, and volunteers for loss arising from work performed under this Agreement.

An endorsement shall state that coverage shall not be canceled except after thirty (30) days' prior written notice by certified mail, return receipt requested, has been given to the City. Professional shall notify City within fourteen (14) days of notification from Professional's insurer if such coverage is suspended, voided or reduced in coverage or in limits.

The requirement to maintain Statutory Worker's Compensation and Employer's Liability Insurance insurance may be waived by the City upon written verification that Professional does not have any employees.

4.2 Commercial General and Automobile Liability Insurance.

- 4.2.1 General requirements.** Professional, at its own cost and expense, shall maintain commercial general liability insurance for the term of this Agreement in an amount not less than TWO MILLION DOLLARS (\$2,000,000.00) and automobile liability insurance for the term of this Agreement in an amount not less than ONE MILLION DOLLARS (\$1,000,000.00). The commercial general liability and automobile liability insurance shall be per occurrence, combined single limit coverage for risks associated with the work contemplated by this Agreement. If a commercial general liability insurance or an automobile liability form or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to the work to be performed under this Agreement or the general aggregate limit shall be at least twice the required occurrence limit. Such coverage shall include but shall not be limited to, protection against claims arising from bodily and personal injury, including death resulting therefrom, and damage to property resulting from activities contemplated under this Agreement, including the use of owned and non-owned automobiles.

4.2.2 Minimum scope of coverage. Commercial general liability coverage shall be at least as broad as Insurance Services Office Commercial General Liability occurrence form CG 0001 (most recent edition) covering comprehensive General Liability on an "occurrence" basis. Automobile coverage shall be at least as broad as Insurance Services Office Automobile Liability form CA 0001 (most recent edition), Code 1 (any auto). No endorsement shall be attached limiting the coverage.

4.2.3 Additional requirements. Each of the following shall be included in the insurance coverage or added as an endorsement to the policy:

- a. City and its officers, employees, agents, and volunteers shall be covered as additional insureds with respect to each of the following: liability arising out of activities performed by or on behalf of Professional, including the insured's general supervision of Professional; products and completed operations of Professional; premises owned, occupied, or used by Professional; and automobiles owned, leased, or used by the Professional. The coverage shall contain no special limitations on the scope of protection afforded to City or its officers, employees, agents, or volunteers.
- b. The insurance shall cover on an occurrence or an accident basis, and not on a claims-made basis.
- c. An endorsement must state that coverage is primary insurance with respect to the City and its officers, officials, employees and volunteers, and that no insurance or self-insurance maintained by the City shall be called upon to contribute to a loss under the coverage.
- d. Any failure of Professional to comply with reporting provisions of the policy shall not affect coverage provided to City and its officers, employees, agents, and volunteers.
- e. An endorsement shall state that coverage shall not be canceled except after thirty (30) days' prior written notice by certified mail, return receipt requested, has been given to the City. Professional shall notify City within fourteen (14) days of notification from Professional's insurer if such coverage is suspended, voided or reduced in coverage or in limits.

4.3 Professional Liability Insurance. Professional, at its own cost and expense, shall maintain for the period covered by this Agreement professional liability insurance for licensed professionals performing work pursuant to this Agreement in an amount not less than TWO MILLION DOLLARS (\$2,000,000) covering the licensed professionals' errors and omissions.

- 4.3.1 Any deductible or self-insured retention shall not exceed \$150,000 per claim.
- 4.3.2 An endorsement shall state that coverage shall not be suspended, voided, canceled by either party, or reduced in coverage or in limits, except after thirty (30) days' prior written notice by certified mail, return receipt requested, has been given to the City.
- 4.3.3 The following provisions shall apply if the professional liability coverages are written on a claims-made form:
 - a. The retroactive date of the policy must be shown and must be before the date of the Agreement.
 - b. Insurance must be maintained and evidence of insurance must be provided for at least five (5) years after completion of the Agreement or the work, so long as commercially available at reasonable rates.
 - c. If coverage is canceled or not renewed and it is not replaced with another claims-made policy form with a retroactive date that precedes the date of this Agreement, Professional must provide extended reporting coverage for a minimum of five (5) years after completion of the Agreement or the work. The City shall have the right to exercise, at the Professional's sole cost and expense, any extended reporting provisions of the policy, if the Professional cancels or does not renew the coverage.
 - d. A copy of the claim reporting requirements must be submitted to the City prior to the commencement of any work under this Agreement.

4.4 **All Policies Requirements.**

- 4.4.1 **Acceptability of insurers.** All insurance required by this section is to be placed with insurers with a Bests' rating of no less than A:VII.
- 4.4.2 **Verification of coverage.** Prior to beginning any work under this Agreement, Professional shall furnish City with certificates of insurance and with original endorsements effecting coverage required herein. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. The City reserves the right to require complete, certified copies of all required insurance policies, at any time.
- 4.4.3 **Subcontractors.** Professional shall include all subcontractors as insureds under its policies or shall furnish separate certificates and endorsements for each subcontractor. All coverages for subcontractors shall be subject to all of the requirements stated herein.

- 4.4.4 Deductibles and Self-Insured Retentions.** Professional shall disclose to and obtain the approval of City for the self-insured retentions and deductibles before beginning any of the services or work called for by any term of this Agreement.

During the period covered by this Agreement, only upon the prior express written authorization of Contract Administrator, Professional may increase such deductibles or self-insured retentions with respect to City, its officers, employees, agents, and volunteers. The Contract Administrator may condition approval of an increase in deductible or self-insured retention levels with a requirement that Professional procure a bond, guaranteeing payment of losses and related investigations, claim administration, and defense expenses that is satisfactory in all respects to each of them.

- 4.4.5 Waiver of Subrogation.** Professional hereby agrees to waive subrogation which any insurer or contractor may require from vendor by virtue of the payment of any loss. Consultant agrees to obtain any endorsements that may be necessary to effect this waiver of subrogation. The Workers' Compensation policy shall be endorsed with a waiver of subrogation in favor of the entity for all work performed by the Professional, its employees, agents, and subcontractors.

- 4.4.6 Notice of Reduction in Coverage.** In the event that any coverage required by this section is reduced, limited, or materially affected in any other manner, Professional shall provide written notice to City at Professional's earliest possible opportunity and in no case later than five (5) days after Professional is notified of the change in coverage.

- 4.5 Remedies.** In addition to any other remedies City may have if Professional fails to provide or maintain any insurance policies or policy endorsements to the extent and within the time herein required, City may, at its sole option exercise any of the following remedies, which are alternatives to other remedies City may have and are not the exclusive remedy for Professional's breach:

- Obtain such insurance and deduct and retain the amount of the premiums for such insurance from any sums due under the Agreement;
- Order Professional to stop work under this Agreement or withhold any payment that becomes due to Professional hereunder, or both stop work and withhold any payment, until Professional demonstrates compliance with the requirements hereof; and/or
- Terminate this Agreement.

Section 5. INDEMNIFICATION AND PROFESSIONAL'S RESPONSIBILITIES.

- 5.1 General Requirement.** Professional shall indemnify, defend with counsel selected by the City, and hold harmless the City and its officials, officers, employees, agents, and

volunteers from and against any and all losses, liability, claims, suits, actions, damages, and causes of action arising out of any personal injury, bodily injury, loss of life, or damage to property, or any violation of any federal, state, or municipal law or ordinance, to the extent caused, in whole or in part, by the willful misconduct or negligent acts or omissions of Professional or its employees, subcontractors, or agents, by acts for which they could be held strictly liable, or by the quality or character of their work. The foregoing obligation of Professional shall not apply when (1) the injury, loss of life, damage to property, or violation of law arises wholly from the negligence or willful misconduct of the City or its officers, employees, agents, or volunteers and (2) the actions of Professional or its employees, subcontractor, or agents have contributed in no part to the injury, loss of life, damage to property, or violation of law. It is understood that the duty of Professional to indemnify and hold harmless includes the duty to defend as set forth in Section 2778 of the California Civil Code. Acceptance by City of insurance certificates and endorsements required under this Agreement does not relieve Professional from liability under this indemnification and hold harmless clause. This indemnification and hold harmless clause shall apply to any damages or claims for damages whether or not such insurance policies shall have been determined to apply. By execution of this Agreement, Professional acknowledges and agrees to the provisions of this Section and that it is a material element of consideration.

5.2 PERS Indemnification. In the event that Professional or any employee, agent, or subcontractor of Professional providing services under this Agreement is determined by a court of competent jurisdiction or the California Public Employees Retirement System (PERS) to be eligible for enrollment in PERS as an employee of City, Professional shall indemnify, defend, and hold harmless City for the payment of any employee and/or employer contributions for PERS benefits on behalf of Professional or its employees, agents, or subcontractors, as well as for the payment of any penalties and interest on such contributions, which would otherwise be the responsibility of City.

5.3 Design Professionals. Notwithstanding Sections 5.1 and 5.2, to the extent that the services under this Agreement include design professional services subject to California Civil Code Section 2782.8, as may be amended from time to time, Professional's duty to indemnify shall only be to the maximum extent permitted by California Civil Code Section 2782.8.

Section 6. STATUS OF PROFESSIONAL.

6.1 Independent Contractor. At all times during the term of this Agreement, Professional shall be an independent contractor as defined in Labor Code Section 3353, and shall not be an employee of City. Nothing contained in this Agreement shall be construed to be inconsistent with the foregoing relationship or status. City shall have the right to control Professional only insofar as the results of Professional's services rendered pursuant to this Agreement and assignment of personnel pursuant to Subparagraph 1.3; however, otherwise City shall not have the right to control the means by which Professional accomplishes services rendered pursuant to this Agreement. Professional shall have no

power or authority by this Agreement to bind the City in any respect. All employees and agents hired or retained by Professional are employees and agents of Professional and not of the City. The City shall not be obligated in any way to pay any wage claims or other claims made against Professional by any such employees or agents, or any other person resulting from performance of this Agreement.

Notwithstanding any other City, state, or federal policy, rule, regulation, law, or ordinance to the contrary, Professional and any of its employees, agents, and subcontractors providing services under this Agreement shall not qualify for or become entitled to, and hereby agree to waive any and all claims to, any compensation, benefit, or any incident of employment by City, including but not limited to eligibility to enroll in the California Public Employees Retirement System (PERS) as an employee of City and entitlement to any contribution to be paid by City for employer contributions and/or employee contributions for PERS benefits. Professional shall not allow any employee to become eligible for a claim for PERS benefits.

- 6.2 Professional Not an Agent.** Except as City may specify in writing, Professional shall have no authority, express or implied, to act on behalf of City in any capacity whatsoever as an agent. Professional shall have no authority, express or implied, pursuant to this Agreement to bind City to any obligation whatsoever.

Section 7. LEGAL REQUIREMENTS.

- 7.1 Governing Law.** The laws of the State of California shall govern this Agreement.
- 7.2 Compliance with Applicable Laws.** Professional and any subcontractors shall comply with all laws and regulations applicable to the performance of the work hereunder, including but not limited to, the California Building Code, the Americans with Disabilities Act, and any copyright, patent or trademark law. Professional's failure to comply with any law(s) or regulation(s) applicable to the performance of the work hereunder shall constitute a breach of contract.
- 7.3 Other Governmental Regulations.** To the extent that this Agreement may be funded by fiscal assistance from another governmental entity, Professional and any subcontractors shall comply with all applicable rules and regulations to which City is bound by the terms of such fiscal assistance program.
- 7.4 Licenses and Permits.** Professional represents and warrants to City that Professional and its employees, agents, and any subcontractors have all licenses, permits, qualifications, and approvals of whatsoever nature that are legally required to practice their respective professions. Professional represents and warrants to City that Professional and its employees, agents, any subcontractors shall, at their sole cost and expense, keep in effect at all times during the term of this Agreement any licenses, permits, and approvals that are legally required to practice their respective professions. In addition to the

foregoing, Professional and any subcontractors shall obtain and maintain valid Business Licenses from City during the term of this Agreement.

- 7.5 Nondiscrimination and Equal Opportunity.** Professional shall not discriminate, on the basis of a person's race, religion, color, national origin, age, physical or mental handicap or disability, medical condition, marital status, sex, or sexual orientation, against any employee, applicant for employment, subcontractor, bidder for a subcontract, or participant in, recipient of, or applicant for any services or programs provided by Professional under this Agreement. Professional shall comply with all applicable federal, state, and local laws, policies, rules, and requirements related to equal opportunity and nondiscrimination in employment, contracting, and the provision of any services that are the subject of this Agreement, including but not limited to the satisfaction of any positive obligations required of Professional thereby.

Professional shall include the provisions of this Subsection in any subcontract approved by the Contract Administrator or this Agreement.

Section 8. TERMINATION AND MODIFICATION.

- 8.1 Termination.** City may cancel this Agreement at any time and without cause upon written notification to Professional.

Professional may cancel this Agreement upon 60 days' written notice to City and shall include in such notice the reasons for cancellation.

In the event of termination, Professional shall be entitled to compensation for services performed to the effective date of termination; City, however, may condition payment of such compensation upon Professional delivering to City any or all documents, photographs, computer software, video and audio tapes, and other materials provided to Professional or prepared by or for Professional or the City in connection with this Agreement.

- 8.2 Extension.** City may, in its sole and exclusive discretion, extend the end date of this Agreement beyond that provided for in Subsection 1.1. Any such extension shall require a written amendment to this Agreement, as provided for herein. Professional understands and agrees that, if City grants such an extension, City shall have no obligation to provide Professional with compensation beyond the maximum amount provided for in this Agreement. Similarly, unless authorized by the Contract Administrator, City shall have no obligation to reimburse Professional for any otherwise reimbursable expenses incurred during the extension period.
- 8.3 Amendments.** The parties may amend this Agreement only by a writing signed by all the parties.

- 8.4 Assignment and Subcontracting.** City and Professional recognize and agree that this Agreement contemplates personal performance by Professional and is based upon a determination of Professional's unique personal competence, experience, and specialized personal knowledge. Moreover, a substantial inducement to City for entering into this Agreement was and is the professional reputation and competence of Professional. Professional may not assign this Agreement or any interest therein without the prior written approval of the Contract Administrator. Professional shall not subcontract any portion of the performance contemplated and provided for herein, other than to the subcontractors noted in the proposal, without prior written approval of the Contract Administrator.
- 8.5 Survival.** All obligations arising prior to the termination of this Agreement and all provisions of this Agreement allocating liability between City and Professional shall survive the termination of this Agreement.
- 8.6 Options upon Breach by Professional.** If Professional materially breaches any of the terms of this Agreement, City's remedies shall include, but not be limited to, the following:
- 8.6.1** Immediately terminate the Agreement;
 - 8.6.2** Retain the plans, specifications, drawings, reports, design documents, and any other work product prepared by Professional pursuant to this Agreement;
 - 8.6.3** Retain a different Professional to complete the work described in Exhibit A not finished by Professional; or
 - 8.6.4** Charge Professional the difference between the cost to complete the work described in Exhibit A that is unfinished at the time of breach and the amount that City would have paid Professional pursuant to Section 2 if Professional had completed the work.

Section 9. KEEPING AND STATUS OF RECORDS.

- 9.1 Records Created as Part of Professional's Performance.** All reports, data, maps, models, charts, studies, surveys, photographs, memoranda, plans, studies, specifications, records, files, or any other documents or materials, in electronic or any other form, that Professional prepares or obtains pursuant to this Agreement and that relate to the matters covered hereunder shall be the property of the City. Professional hereby agrees to deliver those documents to the City upon termination of the Agreement. It is understood and agreed that the documents and other materials, including but not limited to those described above, prepared pursuant to this Agreement are prepared specifically for the City and are not necessarily suitable for any future or other use. City and Professional agree that, until final approval by City, all data, plans, specifications, reports and other documents are confidential and will not be released to third parties without prior written consent of both parties.

- 9.2 Professional's Books and Records.** Professional shall maintain any and all ledgers, books of account, invoices, vouchers, canceled checks, and other records or documents evidencing or relating to charges for services or expenditures and disbursements charged to the City under this Agreement for a minimum of three (3) years, or for any longer period required by law, from the date of final payment to the Professional pursuant to this Agreement.
- 9.3 Inspection and Audit of Records.** Any records or documents that Section 9.2 of this Agreement requires Professional to maintain shall be made available for inspection, audit, and/or copying at any time during regular business hours, upon oral or written request of the City. Under California Government Code Section 8546.7, if the amount of public funds expended under this Agreement exceeds TEN THOUSAND DOLLARS (\$10,000.00), the Agreement shall be subject to the examination and audit of the State Auditor, at the request of City or as part of any audit of the City, for a period of three (3) years after final payment under the Agreement.

Section 10 MISCELLANEOUS PROVISIONS.

- 10.1 Attorneys' Fees.** If a party to this Agreement brings any action, including an action for declaratory relief, to enforce or interpret the provision of this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees in addition to any other relief to which that party may be entitled. The court may set such fees in the same action or in a separate action brought for that purpose.
- 10.2 Venue.** In the event that either party brings any action against the other under this Agreement, the parties agree that trial of such action shall be vested exclusively in the state courts of California in the County of Sacramento or in the United States District Court for the Eastern District of California.
- 10.3 Severability.** If a court of competent jurisdiction finds or rules that any provision of this Agreement is invalid, void, or unenforceable, the provisions of this Agreement not so adjudged shall remain in full force and effect. The invalidity in whole or in part of any provision of this Agreement shall not void or affect the validity of any other provision of this Agreement.
- 10.4 No Implied Waiver of Breach.** The waiver of any breach of a specific provision of this Agreement does not constitute a waiver of any other breach of that term or any other term of this Agreement.
- 10.5 Successors and Assigns.** The provisions of this Agreement shall inure to the benefit of and shall apply to and bind the successors and assigns of the parties.
- 10.6 Use of Recycled Products.** Professional shall prepare and submit all reports, written studies and other printed material on recycled paper to the extent it is available at equal or less cost than virgin paper.

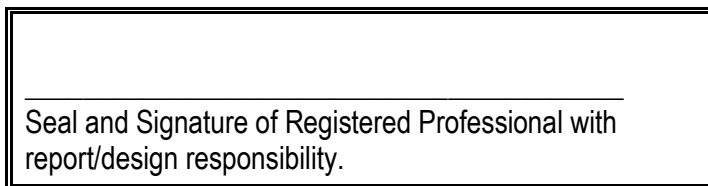
- 10.7 Conflict of Interest.** Professional may serve other clients, but none whose activities within the corporate limits of City or whose business, regardless of location, would place Professional in a "conflict of interest," as that term is defined in the Political Reform Act, codified at California Government Code Section 81000 *et seq.*

Professional shall not employ any City official in the work performed pursuant to this Agreement. No officer or employee of City shall have any financial interest in this Agreement that would violate California Government Code Sections 1090 *et seq.*

Professional hereby warrants that it is not now, nor has it been in the previous twelve (12) months, an employee, agent, appointee, or official of the City. If Professional was an employee, agent, appointee, or official of the City in the previous twelve months, Professional warrants that it did not participate in any manner in the forming of this Agreement. Professional understands that, if this Agreement is made in violation of Government Code §1090 *et seq.*, the entire Agreement is void and Professional will not be entitled to any compensation for services performed pursuant to this Agreement, including reimbursement of expenses, and Professional will be required to reimburse the City for any sums paid to the Professional. Professional understands that, in addition to the foregoing, it may be subject to criminal prosecution for a violation of Government Code § 1090 and, if applicable, will be disqualified from holding public office in the State of California.

- 10.8 Solicitation.** Professional agrees not to solicit business at any meeting, focus group, or interview related to this Agreement, either orally or through any written materials.
- 10.9 Contract Administration.** This Agreement shall be administered by Cyrus Abhar, Public Works Director ("Contract Administrator"). All correspondence shall be directed to or through the Contract Administrator or his or her designee.
- 10.10 Notices.** Any written notice to Professional shall be sent to:
 Steve Loweree
 6515 Trinity Court
 Dublin, CA 94568
 Email Address (for Insurance Update Requests): sloweree@mce-corp.com
- Any written notice to City shall be sent to:
 John Samuelson
 City of Rancho Cordova
 2729 Prospect Park Drive
 Rancho Cordova, CA 95670
- 10.11 Professional Seal.** Where applicable in the determination of the contract administrator or when required by law, the first page of a technical report, first page of design specifications, and each page of construction drawings shall be stamped/sealed and signed by the licensed professional responsible for the report/design preparation. The

stamp/seal shall be in a block entitled "Seal and Signature of Registered Professional with report/design responsibility," as in the following example.



10.12 Integration. This Agreement, including the scope of work attached hereto and incorporated herein as Exhibit A, and the compensation schedule attached hereto and incorporated herein as Exhibit B, represents the entire and integrated agreement between City and Professional and supersedes all prior negotiations, representations, or agreements, either written or oral.

10.13 IRS Form W-9. Professional shall complete and submit Internal Revenue Service Form W-9 to the City before execution of this Agreement. The City's Finance Director shall have authority to waive this requirement.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the day and year first set forth above, which date shall be considered by the Parties to be the effective date of this Agreement.

CITY OF RANCHO CORDOVA

PROFESSIONAL

Joe Chinn, Interim City Manager

Chuck Fletcher, President

Date: _____

Date: _____

Attest:

Mindy Cuppy, CMC, City Clerk

Date: _____

Approved as to Form:

Adam Lindgren, City Attorney

Date: _____

Last Revised July 31, 2012



City of Rancho Cordova Scope of Services

MCE maintenance workers would be equipped with a utility body pickup with rack and lift gate. The vehicle would include most tools required to perform routine tasks. Additionally, the vehicle would include all safety items such as cones, warning signs, etc. to perform tasks by a single individual. The employee would be equipped with a Nextel radio and cell phone. If the City uses Nextel radios, then the radio can be connected to the City radios for ease of communication. Further, the vehicle would be equipped with a GPS unit for tracking movement. All MCE employees wear orange safety shirts/jackets and reflective vests. The truck, shirt, jacket and vest can be identified with the City of Rancho Cordova logo in addition to the MCE logo or just the MCE logo. This is at the City's discretion. Most of our clients prefer both MCE and the City logo.

The following activities may be performed by the maintenance staff. Additional support, if needed, can be provided.

Emergency Response

- Storm Patrols
- Small Scale Spill Clean Up
- Assist With Larger Scale Spill Clean Up
- Hazard and Illegal Sign Removal
- Assist Police Dept. with Traffic Control at Accidents, etc

Pavement Marking

- Curb Painting
- Small Scale Legend / Line Re-Painting
- Small Scale Thermalplastic
- Pavement Marker Replacement
- Striping/Marking Surveys and Field Quantification
- Small Scale Marking Removal

Pavement Maintenance

- Removal of Dead Animals Or Assistance to Animal Control
- Temporary Patching (additional help may be necessary to perform this task on major arterials)
- Hand Sweeping
- Litter Pickup
- Removal of Dumped Debris on the Roadways
- Guardrail Repair
- Fence Repairs and Re-Painting

- Spot Spray Hardscape Weeds
- Assist with Surveys and Quantification of Road Repairs

Sidewalks and Curb & Gutter

- Temporary Patching
- Trimming for Pedestrian Clearance
- Wooden Barricade Repair
- Noticing Residents or Commercial Addresses of Non-Complaint Sidewalks if City has such a Program
- Assist with Surveys and Quantification of Sidewalk Repairs

Traffic Signs

- New Sign Installation
- Sign Replacement
- Sign Relocation
- Sign Knockdowns
- Graffiti Removal
- Inventory
- Neighborhood Watch Signs
- Trimming for Sign Clearance and Sight Distances
- Replace Street Name Signs
- Replace Delineators

Roadside Ditch

- Small Scale Vegetation, Silt and Debris Removal
- Litter Pickup
- Respond to Blockages
- Small Scale Shoulder Repair
- Culvert Inspection and Cleaning
- Leaf Clean Up
- Small Scale Chemical Weed Control
- Mechanical Weed Abatement

Landscaping

- Trimming
- Assist City in Verifying Resident Complaints

Other

- Duties that may be assigned by City that can be done cost effectively and safely performed by the crew.
- Surveys, inspections or other duties as assigned.
- Maintenance Support
- Special events such as parades, festivals, etc



For the City of Rancho Cordova

These rates may be adjusted by written request of the Consultant and written approval of the City of Rancho Cordova.

Maintenance Services Labor Rates

<u>Description</u>	<u>Hourly Rate</u>	<u>Overtime Hourly Rate</u>	<u>Sunday & Holiday Hourly Rate</u>
Project Manager	\$83.90	N/A	N/A
Maintenance Foreperson	\$44.65	\$65.35	\$86.05
Maintenance Laborer I	\$36.25	\$52.80	\$69.30
Maintenance Laborer II	\$33.05	\$47.95	\$62.90
Maintenance Laborer III	\$25.20	\$36.20	\$47.20
Maintenance Support	\$41.16	\$58.32	\$77.09

Prevailing Wage

Sign Maintenance Laborer	\$53.40	\$68.30	\$84.40
Traffic Control Flag Person	\$53.40	\$72.80	\$90.40
Carpenter	\$70.05	\$88.65	\$108.80
Painter-Brush & Spray	\$58.05	\$77.05	\$77.05
Construction Laborer 1	\$56.85	\$73.35	\$91.10
Construction Laborer 2	\$56.65	\$73.05	\$90.70
Construction Laborer 3	\$56.50	\$72.85	\$90.45

Vehicles/ Phones

Pickup & Utility Bed	\$6.50
Cell Phone	\$0.34

City of Rancho Cordova will provide all other tools and equipment.

On Site Overhead and Management Fees

Applied to Subcontract Work, Emergency Subcontract Work and Rental Equipment – 10%
Applied to Material Costs (if any) – 15%

The rates below are for construction personnel only.

Construction Services

<u>Description</u>	<u>Hourly Rate</u>	<u>Overtime Hourly Rate</u>	<u>Sunday & Holiday Hourly Rate</u>
Superintendent	\$89.40	N/A	N/A
<u>Prevailing Wage</u>			
Equipment Foreperson	\$93.50	\$124.00	\$154.50
Loader/Backhoe Operator	\$92.50	\$122.50	\$152.40
Asphalt Paver Operator	\$92.50	\$122.50	\$152.40

Roller Operator-Asphalt	\$92.50	\$122.50	\$152.40
Asphalt Paver Screed Man	\$89.90	\$118.70	\$147.30
Truck Driver 8-12 CY	\$77.40	\$101.20	\$125.10
Truck Driver 4-6 CY	\$76.40	\$99.50	\$122.80
Driver 3 CY Transit	\$73.10	\$95.40	\$117.60
Cement Mason	\$73.10	\$96.40	\$119.70
Laborer Foreman	\$67.40	\$90.30	\$113.10
Asphalt Raker	\$66.90	\$89.40	\$112.00
Laborer 1	\$65.50	\$87.40	\$109.10
Laborer 2	\$65.30	\$86.80	\$108.50
Laborer 3	\$65.00	\$86.60	\$108.20

Construction Equipment Rates For Force Account Or T & M Work

<u>Description</u>	<u>Hourly Rates</u>
Gilcrest Asphalt Paver	\$139.70
Blaw Knox Asphalt Paver	\$83.10
Backhoe	\$55.30
Loader	\$51.50
Roller-Vibratory 5-8 Ton	\$47.50
Roller-Vibratory 3-5 Ton	\$47.50
Dump Truck 8-12 C.Y.	\$51.50
Dump Truck 4-6 C.Y.	\$47.50
Transit Truck 3 C.Y.	\$47.50
Saw Truck	\$39.60
Pickup	\$15.40
Concrete Saw-Self Propelled	\$38.80
Concrete Saw-Small	\$7.40
Air Compressor	\$22.20
Bitumal Pot	\$20.70
Vibra Plate	\$11.60
Wacker	\$11.60
Power Berm Machine	\$22.20
Arrow Board	\$16.60
Paint Striping Machine	\$16.60

Unit Price Work

Unit price work can be supplied based on specific task orders and job requirements where unit prices can be effectively utilized.

MEMORANDUM

DATE: February 18, 2014
TO: Honorable Mayor and Council Members
FROM: Reed Flory, Housing Services Administrator



SUBJECT: AMENDED AND RESTATED DISPOSITION AND DEVELOPMENT AGREEMENT WITH MERCY HOUSING FOR PHASE 1 OF THE MATHER VETERANS' VILLAGE AFFORDABLE HOUSING DEVELOPMENT FOR HOMELESS AND DISABLED VETERANS

RECOMMENDATION

Adopt **Resolution No. 13-2014 (Attachment 1)** authorizing the City Manager to execute the **Amended and Restated Disposition and Development Agreement (DDA) (Attachment 2)** and related instruments with Mercy Housing, a California 501c3 not-for-profit corporation ("**Developer**").

RESULT OF RECOMMENDED ACTION

Adoption of this resolution will provide the City Manager authorization to execute the Amended and Restated DDA and related instruments with Developer for Phase 1 of Mather Veterans' Village, an affordable housing development for homeless and disabled veterans. It will allow the Developer to prepare and submit a competitive Tax Credit application for project gap funding on or before March 5, 2014.

BACKGROUND

On August 9, 2013, the City Council adopted resolution number 96-2013, a resolution which authorized execution of a Disposition and Development Agreement and related instruments with Mercy Housing, a California 501C3 not for profit corporation ('Developer'), authorizing an assignment and assumption of City leasehold property known as Parcel 1, and authorizing execution of a lease to developer of an air-rights parcel known as parcel 4, and approving a permanent loan from Housing Trust funds in the amount of \$2,000,000. These actions are in support of the development of 50, new construction, permanent supportive housing units for homeless and disabled Veterans.

In preparation for the submittal of a Tax Credit application on or before March 5 2014, certain minor amendments to the DDA are recommended for consideration. These changes more accurately reflect the current positions of the parties to the DDA and support a better tax credit application.

These changes include:

- Amending certain building square footage references
- Removal of certain unnecessary or duplicative descriptions
- Updating the Finance Plan
- Correcting certain dates for performance or submittals
- Updating certain equal opportunity requirements
- Addition of the “Form of the Loan Agreement” to the list of exhibits.

The action to approve the Amended and Restated DDA as attached to this staff report covers only Phase 1 of the development program - the new construction of up to 50 permanent supportive housing units on approximately 1.1 acres of land and an air-rights lease in the existing Infirmary building for the improvement of “community” space. If the proposed Tax Credit application is successful, staff expects a construction loan closing and construction start in the third quarter of 2014 with occupancy expected in the third quarter of 2015.

ATTACHMENTS

1. Resolution No. 13-2014.
2. Amended and Restated DDA Including Exhibits.

ATTACHMENT 1

CITY OF RANCHO CORDOVA

RESOLUTION NO. 13-2014

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RANCHO CORDOVA
AUTHORIZING EXECUTION OF AN AMENDED AND RESTATED DISPOSITION AND
DEVELOPMENT AGREEMENT AND RELATED INSTRUMENTS, INCLUDING A LOAN
AGREEMENT, WITH MERCY HOUSING CALIFORNIA, a CALIFORNIA 501(C)(3)
NONPROFIT CORPORATION ("DEVELOPER")**

WHEREAS, the City of Rancho Cordova ("City") has entered into a 99-year lease with the County of Sacramento for 3.69 acres of land located on the Mather Community Campus; and

WHEREAS, the City has also purchased fee title to the Old Infirmary Building located on the 3.69 acres; and

WHEREAS, the City has subdivided the 3.69 acres to create a 1.1 acre site (the "Property") which, together with approximately 5,221 square feet of the ground floor and land area of the northwest wing of the Old Infirmary building (the "Air Rights Parcel") comprise Phase 1 of Mather Veterans' Village, for the development of up to 50 units of affordable rental housing for homeless and disabled veterans (the "Project"); and

WHEREAS, on August 9, 2013, the City Council adopted Resolution 96-2013, pursuant to which the City Council found that the Project is exempt from the California Environmental Quality Act ("CEQA"), authorized the City Manager to execute a Disposition and Development Agreement (the "DDA") and related instruments with Developer, and approved a permanent loan in the amount of Two Million Dollars (\$2,000,000) for the Project; and

WHEREAS, Developer will submit a Tax Credit application to the California Tax Credit Allocation Committee ("CTCAC") for the Project on or before March 5, 2014; and

WHEREAS, City staff recommends certain minor amendments to the DDA, including clarification of square footage references and updating of performance schedule and financing plan provisions, and the addition of a form of Loan Agreement, Note and Deed of Trust as an exhibit to the DDA, in order to improve the Tax Credit application; and

WHEREAS, the City desires to enter into an Amended and Restated Disposition and Development Agreement ("Amended and Restated DDA") with Developer for development of the Project on the Property and the Air Rights Parcel.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF RANCHO CORDOVA AS FOLLOWS:

Section 1 The City Council finds that the Project is exempt from CEQA under CEQA Guidelines Section 15332, In-Fill Development. The City Council further finds that the Project is consistent with the City's General Plan, and the City's Zoning Code. The City certified an Environmental Impact Report ("EIR") for the General Plan and conducted additional environmental review for the Zoning Code. The City Council finds that there are

no environmental impacts peculiar to the Project that have not been analyzed in previous environmental documents; therefore, no additional environmental review is required.

Section 2 The City Council authorizes the City Manager, on behalf of the City, to execute with Developer an Amended and Restated DDA, substantially in the form on file with the City Clerk, and to execute such other related instruments, including without limitation a Loan Agreement substantially in the form attached as Exhibit L to the Amended and Restated DDA, with such modifications by City staff, as approved by the City Attorney, which do not materially increase the City's liability thereunder, and to take such other actions as necessary to carry out the intent of this Resolution.

Section 3 If any provision, sentence, clause, section or part of this Resolution is found to be unconstitutional, illegal or invalid, such finding shall affect only such provision, sentence, clause, section or part, and shall not affect or impair any of the remaining parts.

Section 4 The above recitals are true and correct. The City Clerk shall certify to the passage and adoption of this Resolution, and the minutes of this meeting shall so reflect the above City Council action.

PASSED AND ADOPTED by the City Council of the City of Rancho Cordova this ____ day of _____, 2014, by the following votes:

AYES:

NOES:

ABSENT:

ABSTAIN:

Dan Skoglund, Mayor

ATTEST:

Mindy Cuppy, CMC, City Clerk

2235096.1

ATTACHMENT 2**AMENDED AND RESTATED
DISPOSITION AND DEVELOPMENT AGREEMENT****by and between****THE CITY OF RANCHO CORDOVA****and****Mercy Housing California, a 501(c)(3) California nonprofit corporation.****Mather Veterans' Village – Phase I**

February 18, 2014

Exhibits

- A City – County Lease Agreement
- B Assignment and Assumption Agreement
- C Legal Description of Phase I Property
- D Grant Deed (Old Infirmary Building and Related Structures)
- E Space Lease
- F Regulatory Agreement
- G Form of Memorandum of Disposition and Development Agreement
- H Development and Performance Schedule
- I Approved Design Review
- J Financing Plan
- K Form of Certificate of Completion
- L Form of Loan Agreement

THIS AMENDED AND RESTATED DISPOSITION AND DEVELOPMENT AGREEMENT (this “**Agreement**”) is entered as of February 18, 2014, (“**Effective Date**”) by and between the City of Rancho Cordova, a California municipal corporation (“**City**”), and Mercy Housing California, a 501(c)(3) California nonprofit corporation (“**Developer**”), amending and restating that certain Disposition and Development Agreement between the Parties dated August 9, 2013.. City and Developer are herein individually referred to as “**Party**” and collectively referred to as the “**Parties**.”

RECITALS

A. In October of 2010, in response to a Request for Proposals, the Sacramento Housing and Redevelopment Agency (“**SHRA**”) together with the City of Rancho Cordova and the County of Sacramento, selected the development team of Mercy Housing California and Viet Nam Veterans of California (“**VCRA**”) to design, finance, build and operate Permanent Supportive Housing units for disabled veterans.

B. Subsequently, the City, County of Sacramento and Mather Veteran’s Hospital assumed co-sponsorship of the proposed project now known as Mather Veterans’ Village, and in July of 2012, the City of Rancho Cordova committed Two Million Dollars (\$2,000,000) in grant funding from the California Department of Housing and Community Development (“**HCD**”) for the proposed project.

C. On May 3, 2013, the County of Sacramento received from the United States Air Force conveyance of fee title to certain properties in the Mather Community Campus area, including the property proposed for inclusion in the proposed project.

D. On May 20, 2013, the City Council of the City of (“**City Council**”) authorized the City Manager to execute a 99-year lease with the County of Sacramento for approximately 3.69 acres of property located on the Mather Community Campus area of the old Mather Air Force Base (the “**Property**”) for the development of Mather Veterans’ Village (“**County Lease**”). A copy of the County Lease dated June 24, 2013 is attached hereto as **Exhibit A** and incorporated herein by this reference.

E. The County Lease authorizes the assignment of the City’s interest therein to the Developer. The Parties intend to enter into an Assignment and Assumption Agreement (“**Assignment**”), substantially in the form attached hereto as **Exhibit B** and incorporated herein by this reference, upon satisfaction of all conditions precedent thereto as defined herein.

F. Also on May 20, 2013, the City Council introduced and waived the first reading of Ordinance 14-2013 amending Title 23.1000.030 C6 entitled “Mather Field Special Planning Area” to insert the term “*permanent supportive housing*” to the list of permitted uses in the “Campus District” of the “Human Services Subarea.”

G. Phase I of the overall development will be comprised of up to fifty (50) rental units of new construction, permanent supportive housing on 1.11 acres of land together with land and building space comprising the air rights parcel of the Old Infirmary Building (the “**Air Rights Parcel**”) as more particularly described in **Exhibit C**, attached hereto and incorporated herein by this reference. The Air Rights Parcel will involve the rehabilitation and use of the ground floor of the existing northwesterly wing of the old Infirmary Building comprised of approximately 5221 square feet of space (collectively, the “**Project**”). The 5221 square feet of area is comprised of approximately 3000 square feet of land area and 2221 square feet of space within the building) In addition to the Phase I Property conveyed to the City pursuant to the County Lease, a memorandum of which shall be recorded in the Official Records, the City owns the old Infirmary Building, including the approximately 1721 square feet square feet of ground floor space located in the northwesterly wing (“**Infirmary**”), and related structures, pursuant to a Grant Deed from the County of Sacramento, a copy of which is attached hereto as **Exhibit D** and incorporated herein by this reference.

H. By this Agreement, the City intends to lease the Air Rights Parcel to Developer for the Project (the “**Space Lease**”) as more particularly described in **Exhibit E**, attached hereto and incorporated by this reference. This lease for the Air Rights Parcel, together with the Assignment for the 1.11 acres of vacant land, comprise the Phase I Property. It is the intent of the Parties to subsequently enter into additional Disposition and Development Agreements for each of the later phases of the overall development. The Project is more particularly described in Section 5.2 herein and in an Affordable Housing Regulatory Agreement and Declaration of Restrictive Covenants (“**Regulatory Agreement**”), substantially in the form attached hereto as **Exhibit F** and incorporated herein by this reference that shall be executed substantially concurrently herewith and recorded against the Phase I Property and the Project.

I. Financing for the Project is addressed in Article VI herein.

J. A material inducement to the City to enter into this Agreement is Developer’s agreement to develop the Project within the time periods specified herein and in accordance with the provisions hereof, and the City would be unwilling to enter into this Agreement in the absence of an enforceable commitment by Developer to complete the Project in accordance with such provisions and within such time periods, subject to the terms and conditions set forth herein.

K. In connection with this Agreement, Developer shall execute such documentation as City shall reasonably require in connection with Project financing, including without limitation the Regulatory Agreement, which shall require Project rents to be affordable to eligible households whose incomes do not exceed fifty percent (50%) of Area Median Income for a term of not less than fifty-five (55) years. This Agreement, the Assignment, the Form of Memorandum of Disposition and Development Agreement attached hereto as **Exhibit G** and incorporated herein by this reference, a **Loan Agreement substantially in the form of Exhibit L attached hereto and incorporated herein by this reference**, and the Regulatory Agreement are collectively hereinafter referred to as the “**City Documents**.”

NOW, THEREFORE, in consideration of the mutual covenants contained herein and good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows.

ARTICLE I

DEFINITIONS

1. Definitions. The following terms shall have the meanings set forth in the Sections referenced below whenever used in this Agreement and the Exhibits attached hereto. Additional terms are defined in the Recitals and text of this Agreement.

- 1.1 “**Assignment**” is defined in Recital E.
- 1.2 “**Certificate of Completion**” is defined in Section 5.15.
- 1.3 “**City**” is defined in the Preamble.
- 1.4 “**City Council**” is defined in Recital D.
- 1.5 “**City Documents**” is defined in Recital K.
- 1.6 “**Claims**” is defined in Section 5.17.
- 1.7 “**Conditions of Approval**” is defined in Section 5.2.
- 1.8 “**Construction Plans**” is defined in Section 5.11.
- 1.9 “**County Lease**” is defined in Recital D.
- 1.10 “**Environmental Laws**” is defined in Section 10.4.
- 1.11 “**Financing Plan**” is defined in Sections 3.3 and 5.7.
- 1.12 “**Hazardous Materials**” is defined in Section 10.3.
- 1.13 “**Improvements**” is defined in Section 5.2.
- 1.14 “**Indemnitees**” is defined in Section 5.17.
- 1.15 “**Official Records**” means the Official Records of Sacramento County.
- 1.16 “**Project**” is defined in Recital G and further described in Section 5.2.
- 1.17 “**Regulatory Agreement**” is defined in Recital H.
- 1.18 “**Space Lease**” is defined in Recital H.
- 1.19 “**Transfer**” is defined in Section 8.2.

ARTICLE II

REPRESENTATIONS; EFFECTIVE DATE; MEMORANDUM.

2.1 Developer's Representations. Developer represents and warrants to City as follows, and Developer covenants that until the expiration or earlier termination of this Agreement, upon learning of any fact or condition which would cause any of the warranties and representations in this Section 2.1 not to be true, Developer shall immediately give written notice of such fact or condition to City. Developer acknowledges that City shall rely upon Developer's representations made herein notwithstanding any investigation made by or on behalf of City.

(i) Authority. Developer is a 501(c)(3) not-for-profit corporation, duly organized and in good standing under the laws of the State of California. Developer has the full right, power and authority to undertake all obligations of Developer as provided herein, and the execution, performance and delivery of this Agreement by Developer has been duly authorized by all requisite actions. The persons executing this Agreement on behalf of Developer have been duly authorized to do so. This Agreement and the other City Documents constitute valid and binding obligations of Developer, enforceable in accordance with their respective terms.

(ii) No Conflict. Developer's execution, delivery and performance of its obligations under this Agreement will not constitute a default or a breach under any contract, agreement or order to which Developer is a party or by which it is bound.

(iii) No Litigation or Other Proceeding. No litigation or other proceeding (whether administrative or otherwise) is outstanding or has been threatened which would prevent, hinder or delay the ability of Developer to perform its obligations under this Agreement.

(iv) No Developer Bankruptcy. Developer is not the subject of a bankruptcy or insolvency proceeding.

2.2 Effective Date; Memorandum. The obligations of Developer and City hereunder shall be effective as of the Effective Date. The Parties shall execute a Memorandum of this Agreement substantially in the form attached hereto as **Exhibit G** and incorporated herein by this reference, which shall be recorded in the Official Records promptly upon execution of this Agreement. The City will not withhold consent to reasonable requests for subordination of the Memorandum to deeds of trust, regulatory agreements and related documents provided for the benefit of Project lenders approved pursuant to the Financing Plan provided that the instruments effecting such subordination include reasonable protections to the City in the event of default.

ARTICLE III

CONDITIONS PRECEDENT TO ASSIGNMENT OF COUNTY LEASE

3.1 Conditions Precedent. City shall assign the County Lease, as it is applicable to the Phase I Property, and will lease the Air Rights Parcel as more completely described in **Exhibit C** as Parcel 4, to Developer, in accordance with the provisions of Article IV herein following Developer's satisfaction of the conditions set forth in this Agreement and within the time limits specified in the Development Schedule attached hereto as **Exhibit H** and incorporated herein by this reference, unless such time is extended by the City at the discretion of the City Manager.

3.2 Scope of Development. Developer's proposed Scope of Development includes the Improvements and amenities set forth in Section 5.2. Pursuant to Resolution No. 75-2013, the City Council has approved the Design Review for the Project, attached hereto as **Exhibit I** and incorporated herein by this reference. By execution of this Agreement, City hereby approves the Scope of Development for the Project.

3.3 Financing Plan. As more particularly described in Section 5.7, Developer has submitted a Financing Plan for the Project ("**Financing Plan**"), attached hereto as **Exhibit J** and incorporated herein by this reference.

ARTICLE IV

DISPOSITION OF THE PHASE I PROPERTY

4.1 Assignment of County Lease and Execution of the Old Infirmary Parcel 4 Space Lease. Provided that all conditions precedent set forth in this Agreement have been satisfied, City shall assign to Developer all of City's rights and responsibilities in the County Lease (**Exhibit A**) for Parcel I Property and shall lease the Infirmary space designated as Parcel 4, which actions taken together describe the disposition of property associated with Phase 1 as described in **Exhibit C**, in accordance with and subject to the terms and conditions of this Agreement, free and clear of all title defects, liens and encumbrances except: (a) the provisions and effect of this Agreement; (b) liens for nondelinquent taxes, assessments, and/or bonds; (c) title exceptions set forth in the Preliminary Title Report for the Property issued by Fidelity National Title Company and dated as of July 23, 2013; and such other conditions, liens, encumbrances, restrictions, easements and exceptions as Developer may approve in writing (all of the foregoing collectively referred to as the "**Permitted Exceptions**"). Following the Effective Date, absent the consent of Developer, City shall not cause or voluntarily agree to allow a lien or other encumbrance to attach to the Phase 1 Property which would remain effective following such County Lease assignment.

4.2 Terms of Assigned County Lease and Infirmary Parcel 4 Space Lease. The terms of both the assigned County Lease and the lease of Parcel 4 from the City to Developer shall be for a term not to exceed eighty (80) years from the date of the issuance of the final certificate of completion for the Project. In the event that Developer has failed to obtain

each entitlement, permit or approval required for the installation of improvements for Phase One, the term of this Agreement shall end no later than June 25, 2016.

4.3 Cost of Assignment of Ground Lease. The cost of the assignment of the County Lease for the Phase I Property shall be One Dollar and No Cents (\$1.00) (“**Assignment Cost**”).

4.4 Cost of Infirmity Parcel 4 Space Lease. Provided that all conditions precedent set forth in this Agreement have been satisfied, City shall lease to Developer the Air Rights Parcel for a total cost of Eighty Dollars and No Cents (\$80.00), pursuant to the Space Lease. Prior to the effectiveness of such Space Lease, Developer shall submit for City’s approval a Declaration Establishing Reciprocal Easements and Covenants Running with the Land agreed to in content by both Mercy and VRCA with respect to the roles and responsibilities of Developer, the VCRA and City for the maintenance and operation of the defined space during the course of and occupancy of the defined space by Developer(s) or its permitted assignees.

4.5. Escrow. Escrow shall be opened at the office of Fidelity National Title Company, 11050 Olson Drive, Suite 200, Rancho Cordova, CA 95670 , attention Paul Avila (“**Title Company**” or “**Escrow Agent**”) in order to consummate the closing of escrow (“**Closing**”) for the transactions contemplated hereby.

4.6 Costs of Closing and Escrow. City shall pay all costs associated with removing any debt encumbering the Phase I Property and for all title insurance premiums for policies City may elect to acquire for the Phase I Property. All other Closing and Escrow costs, including without limitation all title insurance premiums for policies Developer elects to acquire, shall be paid by Developer.

4.7 Escrow Instructions; Recordation of Documents. City and Developer shall furnish Escrow Agent a copy of this Agreement, which, together with such supplemental instructions as City or Developer may agree upon in writing, shall serve as Escrow instructions for the assignment of the lease. Not later than one (1) day prior to the Closing Date, provided that all conditions precedent to conveyance have been satisfied, City shall deposit into Escrow an executed Assignment and an executed Space Lease. On the Closing Date, Escrow Agent shall cause the following documents to be recorded in the Official Records of Sacramento County in the following order: (i) the Regulatory Agreement, (ii) the Memorandum of DDA, (iii) the Assignment, and (iv) a Memorandum of Space Lease (“**Memo of Lease**”).

4.8 City’s Conditions to Closing. City’s obligation to proceed with the Closing is subject to satisfaction or waiver by the City of all of the following conditions:

a. No Default. Developer shall not be in Default under the terms of this Agreement, and all representations and warranties of Developer shall be true and correct in all material respects.

b. Execution of Documents. Developer shall have executed and acknowledged the Regulatory Agreement, the Memorandum of DDA, the Assignment, the Space Lease, the Memo of Lease and all other documents required hereunder, including without

limitation any documents required by HCD, and shall have delivered all such documents to City or into Escrow.

c. Satisfaction of Conditions Precedent. Developer shall have satisfied the conditions set forth in Article III.

d. Parcel 4. Parcel 4 shall be a separate legal parcel.

4.9 Developer's Conditions to Closing. Developer's obligation to proceed with the Closing is subject to satisfaction or waiver by Developer of the following conditions:

a. No Default. City shall not be in Default under the terms of this Agreement, and all representations and warranties of City contained herein shall be true and correct in all material respects.

b. Execution of Documents. City shall have executed and acknowledged the Regulatory Agreement, the Memorandum of DDA, the Assignment, the Space Lease, the Memo of Lease and all other documents required hereunder, and shall have delivered such documents into Escrow.

c. Developer's Title Policy. The Title Company shall, upon payment of the premium therefor by Developer, be ready to issue a Leasehold ALTA title policy for the benefit of Developer, showing rights to the use of the Phase I Property pursuant to the Assignment, and use of the Infirmary space pursuant to the Space Lease, vested in Developer, subject only to the Permitted Exceptions and including such endorsements as Developer may reasonably request.

d. Consent to Disbursement of Funds. Developer shall have received written approval from the City confirming that the Conditions to Disbursement of Funds set forth in Sections 6.4(a)(i) through 6.4(a)(vi) herein have been satisfied by Developer.

ARTICLE V

DEVELOPMENT OF THE PROJECT

5.1 The Phase I Property. City represents and warrants that as of the Effective Date: (i) City possess a 99-year lease of the Phase I Property and owns the Infirmary Building in fee, and (ii) neither the Phase I Property nor the Infirmary Building is subject to any covenant, condition, restriction or agreement that would prevent the development of the Project in accordance with this Agreement. If at any time the foregoing statements become untrue, the City shall have the right to terminate this Agreement upon written notice to Developer.

5.2 Scope of Development. Developer shall develop the Project in accordance with the terms and conditions of this Agreement and in compliance with the terms and conditions of all approvals, entitlements and permits that the City or any other governmental body or entity with jurisdiction over the Project or the Phase I Property has granted or issued as of the date hereof or may hereafter grant or issue in connection with development of the Project, including without limitation, all mitigation measures imposed in connection with environmental review of

the Project and all conditions of approval imposed in connection with any entitlements, approvals or permits (all of the foregoing approvals, entitlements, permits, mitigation measures and conditions of approval are hereafter collectively referred to as the “**Conditions of Approval**”).

The Project will consist of a three (3)-story, stick built, slab on grade building with at least two (2) elevators (“**Building**”). To the maximum extent possible, all parking will be covered. Not more than fifty (50) units shall be comprised of up to forty-four (44) single bedroom units and six (6) two-bedroom units. The Building will include laundry facilities a community room, , and common area quiet spaces either within the newly constructed spaces or in the 5,221 square feet of adjoining leased space. Project design will be subject to the City’s Design Review process. Subject to design and financial feasibility considerations, Developer will use best efforts to achieve a net-zero energy Building; extensive use of solar panels on parking coverage and Building roof; energy recapture technology; energy efficient fixtures and appliances, utilization of LED lighting technology; gardening space; and open outdoor areas that provide residents with a range of activities. All of the foregoing is collectively hereinafter referred to as the “**Improvements**.”

Notwithstanding anything to the contrary contained herein, the construction of the Project is expressly conditioned upon compliance with the California Environmental Quality Act, California Public Resources Code Section 21000 *et seq.*, CEQA guidelines, and implementing regulations, all as amended from time to time (“**CEQA**”) and/or the National Environmental Protection Act of 1969, 42 U.S.C. Section 4321 *et seq.*, NEPA guidelines, and implementing regulations, all as amended from time to time (“**NEPA**”), as the same may be applicable to the Project. Required CEQA and NEPA studies and reports have been completed, all necessary NEPA approvals have been obtained and required notices have been filed and the statute of limitations has expired. No physical activity, not otherwise exempt from CEQA or NEPA, as applicable, shall commence on the Phase I Property without such compliance.

5.3 Affordable Housing for Homeless and Disabled Veterans. Developer covenants and agrees for itself, its successors and assigns that Developer’s interest in the Phase I Property will be subjected to recorded covenants that will restrict use of the Phase I Property to development of an affordable multi-family rental housing project in which not less than one hundred percent (100%) of the residential units in the Project shall be rented at an affordable cost to eligible households who qualify at or below fifty percent (50%) of Area Median Income (as defined in the Regulatory Agreement), in accordance with the terms hereof and the Regulatory Agreement . To the maximum extent permitted by law, occupancy shall be limited to a mix of disabled and homeless veterans.

5.4 Project Approvals. Developer acknowledges and agrees that execution of this Agreement by City does not constitute approval for the purpose of the issuance of building permits for the construction of the Project, does not limit in any manner the discretion of City in such approval process, and does not relieve Developer from the obligation to apply for and obtain all necessary entitlements, approvals, and permits for the construction of the Project, including without limitation, the approval of architectural plans, the issuance of any certificates regarding historic resources required in connection with the Project (if any), and the completion of any required environmental review.

Developer covenants that it shall: (i) obtain all necessary permits and approvals which may be required by City, or any other governmental agency having jurisdiction over the construction of the Project or the development of the Phase I Property, (ii) comply with all Conditions of Approval and other design and use considerations as detailed in the City's Design Review approval per **Exhibit I** attached hereto and incorporated herein by this reference, (iii) comply with all mitigation measures imposed in connection with any environmental review of the Project, and (iv) not commence construction work on the Project prior to issuance of building permits required for such work.

City staff shall work cooperatively with Developer to assist in coordinating the expeditious processing and consideration of all permits, entitlements and approvals necessary for development of the Project.

5.5 Fees. Subject to the approval of the financing subsidies identified in the Financing Plan, Developer shall be solely responsible for, and shall promptly pay when due, all customary and usual fees and charges of City in connection with obtaining building permits and other approvals for the Project, including without limitation, those related to the processing and consideration of amendments, if any, to the current entitlements, any related approvals and permits, environmental review, design review, architectural review, and any subsequent approvals for the Project or the development of the Phase I Property.

5.6 Cost of Construction. Except as expressly set forth herein, after the Effective Date, Developer shall be solely responsible for all direct and indirect costs and expenses incurred in connection with the design, development and construction of the Project and compliance with the Conditions of Approval, including without limitation the installation and construction of all off-site or on-site improvements required by City in connection therewith, except costs and expenses related to initial ALTA survey, land assemblage, relocation, lot-line adjustment, initial market study and environmental clearance including additional environmental studies that may be required.

5.7. Financing Plan. As set forth in the attached Financing Plan (**Exhibit J**), Developer has provided City with a preliminary financing plan for the Project which describes (i) the estimated costs of Project development, including acquisition costs, and hard and soft construction costs, (ii) an operating pro forma which describes projected revenue and expenses for the Project, and (iii) identification of sources of construction and permanent financing. The Financing Plan must be in a form and content to provide sufficient detail to satisfy the requirements of Developer's proposed Tax Credit Allocation Committee ("TCAC") application. The Financing Plan may be the proposed TCAC proforma to be submitted with the TCAC application. Developer shall update the Financing Plan throughout the term of this Agreement to reflect any changes in the TCAC application proforma. Developer shall provide prior written notice to the City of any material proposed modifications. If the City fails to approve of any such modification within fifteen (15) calendar days following City's receipt of the proposed modifications, then the Financing Plan and the encumbrances which may be recorded against the Phase I Property in connection with the financing contemplated by the Financing Plan, shall be deemed approved by the City. The City agrees not to unreasonably withhold consent to proposed modifications to the Financing Plan.

Consistent with the Financing Plan, Developer shall apply for an allocation of nine percent (9%) low-income housing tax credits. Developer shall submit to the City a copy of Developer's application for tax credits for the Project concurrently with Developer's submittal of such applications to TCAC. The TCAC application shall reflect the current City- approved Financing Plan including a current schedule of sources and uses and updated development and operating pro formas, accompanied by evidence that all Project financing has been firmly committed by Developer, or lending institutions, subject only to commercially reasonable conditions or allocation(s) for low-income housing tax credits from TCAC. Additionally, Developer shall provide City with copies of draft and final copies of its Tax Credit Investor letter of intent and will obtain written approval from the City of the pay-in schedule of all tax credit equity proceeds.

Developer agrees to use best efforts to operate and manage the Project so as to maximize residual receipts there from, including without limitation using residual receipts to fund a social services program for Project residents.

Developer shall also cooperate in the resubmittal of the nine percent (9%) application for grant funding. It is anticipated that a competitive application will require that the Developer has received design review approval and all necessary public approvals except building permits.

5.7.1 Failure of 9% Tax Credit Application to Win Award. Failure of the Developer to receive an allocation of nine percent (9%) tax credit award by June 1, 2014 (or such date as Round #1-2014 TCAC awards are announced) will result in a resubmittal of the nine percent (9%) tax credit application in or about June of 2014 or later if the schedule changes. If at the end of the second attempt to receive an allocation of nine percent (9%) tax credits there is no award, Developer and City agree to meet and discuss alternative financing options which may include an application for HOME funds. If there is no mutually agreeable alternate grant funding source or sources identified, the City at its sole discretion, may terminate this Agreement, retain all rights to the land and take assignment of all work products derived from the City's Predevelopment Funding.

5.8 Development Schedule (9% Tax Credit Scenario). Developer shall commence and complete plan development and construction of the Project and shall satisfy all other obligations of Developer under this Agreement within the time periods set forth herein and as described in the attached Development and Performance Schedule attached as **Exhibit H** hereto and incorporated herein by this reference, as such time periods may be extended upon the mutual written consent of the Parties. Subject to force majeure, the availability of financing, and the City's issuance of permits and approvals, Developer shall commence construction of the Project within thirty (30) days of issuance of building permits, but in any event no later than the later of : (i) December 15, 2014, or (ii) the latest date as may be permitted by TCAC. Developer, following the award of tax credits, shall diligently prosecute to completion the construction of the Project in order to allow City to issue a final certificate of occupancy in no event later than fourteen (14) months from the commencement of construction or such earlier date as may be required by TCAC. Subject to force majeure, the availability of financing, and the City's issuance of permits and approvals, Developer's failure to commence or complete construction of

the Project in accordance with the time periods specified in this Section 5.8 and **Exhibit H** shall be an Event of Developer Default hereunder.

5.9 Rights of Access. For the purpose of ensuring that the Project is developed in compliance with this Agreement, Developer shall permit representatives of the City to enter upon the Phase I Property to inspect the Project following forty-eight (48) hours written notice, including without limitation inspection for labor standards compliance monitoring as described in Section 5.17 (except in the case of emergency in which case such notice as may be practical under the circumstances shall be provided). Developer shall have the right to accompany any City representative performing an inspection of the Project.

5.10 City Disclaimer. Developer acknowledges that City shall have the right to monitor, review, or inspect the progress of construction or the operation of the Project. Notwithstanding such right, Developer and all third parties shall rely on its or their own supervision and inspection in determining the quality and suitability of the materials and work, the performance of architects, subcontractors, and material suppliers, and all other matters relating to the construction and operation of the Project. Except as completed as part of the City's plan review and permitting process through the Building or Public Works Departments, any review or inspection undertaken by the City is solely for the purpose of determining whether Developer is properly discharging its obligations under this Agreement, and shall not be relied upon by Developer or any third party as a warranty or representation by the City as to the quality of the design or construction of the Improvements or otherwise.

5.11 Construction Plans. Prior to commencement of Project construction, Developer shall submit to City's Building Department detailed construction plans for the development of the Project (the "**Construction Plans**"). As used herein "**Construction Plans**" means all construction documents upon which Developer and Developer's contractors shall rely in constructing the Project (including the landscaping, parking, and common areas) and shall include, without limitation, the site development plan, final architectural drawings, landscaping, exterior lighting and signage plans and specifications, materials specifications, final elevations, and building plans and specifications. The Construction Plans shall be based upon the scope of development set forth herein and as detailed in the approved Design Review documents (**Exhibit I**) and upon the approvals issued by the City for the Project, and shall not materially deviate therefrom without the express written consent of City. Provided that the Construction Plans are consistent with the requirements of this Agreement, approval of the Construction Plans by City staff shall be deemed approval thereof by City.

5.12 Construction Pursuant to Plans. Developer shall develop the Project in accordance with the approved Construction Plans, the Conditions of Approval, and all other permits and approvals granted by the City pertaining to construction of the Project. Developer shall comply with all directions, rules and regulations of any fire marshal, health officer, building inspector or other officer of every governmental entity having jurisdiction over the Phase I Property or the Project. Each element of the work shall proceed only after procurement of each permit, license or other authorization that may be required for such element by any governmental entity having jurisdiction. All design and construction work on the Project shall be performed by licensed contractors, engineers or architects, as applicable.

5.13 Changes in Construction Plans. If Developer desires to make any material change in the approved Construction Plans, Developer shall submit the proposed change in writing to City in accordance with its standard review process. Approval of changes to the Construction Plans by City shall be deemed approval thereof by City. Nothing in this Section is intended to or shall be deemed to modify the City's standard plan review procedures.

5.14 Defects in Plans. City shall not be responsible to Developer or to any third party for any defect in the Construction Plans or for any structural or other defect in any work done pursuant to the Construction Plans. Subject to the last sentence of this Section 5.14, Developer shall indemnify, defend (with counsel approved by City) and hold harmless the Indemnitees from and against all Claims arising out of, or relating to, or alleged to arise from or relate to defects in the Construction Plans or defects in any work done pursuant to the Construction Plans whether or not any insurance policies shall have been determined to be applicable to any such Claims. Developer's indemnification obligations set forth in this Section shall survive the expiration or earlier termination of this Agreement and the recordation of a Certificate of Completion and shall be assumed by any successor to Developer's interest in this Agreement. It is further agreed that City shall not, waive any rights against Developer which it may have by reason of this indemnity and hold harmless agreement because of the acceptance by City, or Developer's deposit with City of any of the insurance policies described in this Agreement. Developer's indemnification obligations pursuant to this Section shall not extend to Claims to the extent arising due to the gross negligence or willful misconduct of the Indemnitees. Developer's indemnification obligations set forth in this Section shall not apply to any Construction Plans that are not used by or on behalf of Developer or any entity affiliated with Developer, including without limitation, an entity controlled by or under common control with Developer. In addition, if City uses any of the Construction Plans (or permits a third party to use such Construction Plans), City agrees to release Developer from liability for Claims arising in connection with such use except to the extent any such Claim arises from the gross negligence or willful misconduct of Developer or Developer's employees, agents or representatives.

5.15 Certificate of Completion for Project. Promptly after completion of construction of the Project, issuance of a final Certificate of Occupancy by the City and the written request of Developer, the City will provide an instrument ("**Certificate of Completion**") so certifying, provided that at the time such certificate is requested all applicable components of the Project have been completed. The Certificate of Completion shall be conclusive evidence that Developer has satisfied its obligations regarding the development of the Phase I Property.

The Certificate of Completion shall be issued substantially in the form attached hereto as **Exhibit K** and incorporated herein by reference, and, at Developer's option, shall be recorded in the Official Records. The Certificate of Completion shall not constitute evidence of compliance with or satisfaction of any obligation of Developer to any holder of a deed of trust or mortgage securing money loaned to finance the Project or any part thereof and shall not be deemed a notice of completion under the California Civil Code, nor shall such Certificate provide evidence that Developer has satisfied any obligation that survives the expiration of this Agreement, including without limitation, Developer's obligations pursuant to the Regulatory Agreement.

5.16 Equal Opportunity. During the construction of the Project, there shall be no discrimination on the basis of race, color, religion, creed, sex, sexual orientation, marital status, ancestry or national origin in the hiring, firing, promoting or demoting of any person engaged in construction of the Project, and Developer shall direct its contractors and subcontractors to refrain from discrimination on such basis. Developer shall satisfy all Federal, State and City requirements in regard to Equal Opportunity including but not limited to noticing, program development and reporting. Developer will notify City in a timely manner of any Equal Opportunity issues arising during the development and operation of the Project.

5.17 Prevailing Wage Requirements. To the full extent required by all applicable State and Federal laws, rules and regulations, if any, Developer and its contractors and agents shall comply with California Labor Code Section 1720 *et seq.*, the Davis-Bacon Act, and the regulations adopted pursuant to each of them, as the same may be applicable to the Project (“**Prevailing Wage Laws**”), and shall be responsible for carrying out the requirements of such provisions. Developer, at its own expense, shall prepare and obtain approval from the City of a plan for monitoring, enforcing and reporting on the payment of prevailing wages. This plan shall describe penalties, approved by the City, for the Contractor if it fails to implement said plan and to satisfy on a timely basis the reporting requirements included in said plan.

Subject to the last sentence of this paragraph, Developer shall indemnify, defend (with counsel approved by City) and hold the City, and its respective elected and appointed officers, officials, employees, agents, consultants, and contractors (collectively, the “**Indemnitees**”) harmless from and against all liability, loss, cost, expense (including without limitation attorneys’ fees and costs of litigation), claim, demand, action, suit, judicial or administrative proceeding, penalty, deficiency, fine, order, and damage (all of the foregoing collectively “**Claims**”) which directly or indirectly, in whole or in part, are caused by, arise in connection with, result from, relate to, or are alleged to be caused by, arise in connection with, or relate to, the payment or requirement of payment of prevailing wages (including without limitation, all claims that may be made by contractors, subcontractors or other third party claimants pursuant to Labor Code Sections 1726 and 1781), the failure to comply with any state or federal labor laws, regulations or standards in connection with this Agreement, including but not limited to the Prevailing Wage Laws, or any act or omission of Developer related to this Agreement with respect to the payment or requirement of payment of prevailing wages, whether or not any insurance policies shall have been determined to be applicable to any such Claims. It is further agreed that City does not and shall not waive any rights against Developer which they may have by reason of this indemnity and hold harmless agreement because of the acceptance by City, or Developer’s deposit with City of any of the insurance policies described in this Agreement. The provisions of this Section 5.17 shall survive the expiration or earlier termination of this Agreement and the issuance of a Certificate of Completion for the Project and shall be assumed by any successor to Developer’s interest in this Agreement. Developer’s indemnification obligations set forth in this Section shall not apply to Claims to the extent arising from the gross negligence or willful misconduct of one or more of the Indemnitees. Developer’s indemnification obligations set forth in this Section shall only apply to work performed by or on behalf of Developer or any entity affiliated with Developer, including without limitation, a Controlled Affiliate or an entity controlled by or under common control with Developer.

5.18 Compliance with Laws. In connection with development and construction of the Project, Developer shall comply, and shall cause its contractors to comply with all applicable federal, state and local laws, rules, ordinances and regulations, including without limitation, all applicable federal and state labor laws and standards, contract compliance and reporting requirements, applicable provisions of the California Public Contracts Code (if any), the City zoning and development standards, building, plumbing, mechanical and electrical codes, all other provisions of the City's Municipal Code, and all applicable disabled and handicapped access requirements, including without limitation, applicable provisions of the Americans with Disabilities Act, 42 U.S.C. Section 12101, *et seq.*, Government Code Section 4450, *et seq.*, Government Code Section 11135, *et seq.*, and the Unruh Civil Rights Act, Civil Code Section 51, *et seq.* Developer shall indemnify, defend (with counsel approved by City) and hold harmless the Indemnitees from and against any and all Claims arising in connection with the breach of Developer's obligations set forth in this Section whether or not any insurance policies shall have been determined to be applicable to any such Claims. It is further agreed that City shall not waive any rights against Developer which they may have by reason of this indemnity and hold harmless agreement because of the acceptance by City, or Developer's deposit with City of any of the insurance policies described in this Agreement. Developer's indemnification obligations set forth in this Section shall not apply to Claims to the extent arising from the gross negligence or willful misconduct of the Indemnitees. Developer's defense and indemnification obligations set forth in this Section 5.18 shall survive the expiration or earlier termination of this Agreement and the issuance of a Certificate of Completion for the Project.

5.19 Liens and Stop Notices. Until the expiration of the term of the Regulatory Agreement, if a claim of a lien or stop notice is given or recorded affecting the Project or the Phase I Property, Developer shall within thirty (30) days of such recording or service: (a) pay and discharge (or cause to be paid and discharged) the same; or (b) effect the release thereof by recording and delivering (or causing to be recorded and delivered) to the party entitled thereto a surety bond in sufficient form and amount; or (c) provide other assurance satisfactory to City that the claim of lien or stop notice will be paid or discharged. The provisions of this Section 5.19 shall apply from and after Developer's acquisition of a leasehold interest in the Phase I Property.

5.20 Right of City to Satisfy Liens on the Phase I Property. If Developer fails to satisfy or discharge any lien or stop notice on the Phase I Property pursuant to and within the time period set forth in Section 5.19 above, the City shall have the right, but not the obligation, to satisfy any such liens or stop notices at Developer's expense with prior written notice to Developer. In such event Developer shall be liable for and shall immediately reimburse City for such paid lien or stop notice. Alternatively, the City may require Developer to immediately deposit with City the amount necessary to satisfy such lien or claim pending resolution thereof. The City may use such deposit to satisfy any claim or lien that is adversely determined against Developer. Developer shall file a valid notice of cessation or notice of completion upon cessation of construction of the Improvements for a continuous period of thirty (30) days or more, and shall take all other reasonable steps to forestall the assertion of claims or liens against the Phase I Property or the Improvements. The City may (but has no obligation to), with prior written notice to Developer, record any notices of completion or cessation of labor, or any other notice that the City deems necessary or desirable to protect its interest in the Phase I Property and the Improvements.

5.21 Performance and Payment Bonds. Prior to commencement of construction work on the Project, Developer shall cause its general contractor to deliver to the City copies of payment bond(s) and performance bond(s) issued by a reputable insurance company licensed to do business in California, each in a penal sum of not less than one hundred percent (100%) of the scheduled cost of construction of the Project. The bonds shall name the City as co-obligee. In lieu of such performance and payment bonds, subject to City's approval of the form and substance thereof, Developer may submit evidence satisfactory to the City of the contractor's ability to commence and complete construction of the Project in the form of an irrevocable letter of credit, pledge of cash deposit, certificate of deposit, or other marketable securities held by a broker or other financial institution, with signature authority of the City required for any withdrawal, or a completion guaranty in a form and from a guarantor acceptable to City. Such evidence must be submitted to City in approvable form in sufficient time to allow for City's review and approval prior to the scheduled construction start date.

5.22 Insurance Requirements. Developer shall maintain and shall cause its contractors to maintain all applicable insurance coverage specified in Article XII.

ARTICLE VI

CITY FINANCIAL ASSISTANCE

6.1 City Permanent Loan. City agrees to provide a no interest permanent loan to Developer from a combination of sources including State and City Local Housing Trust Funds and Federal CDBG monies, to be used primarily as predevelopment and "gap" financing in the total principal amount not to exceed Two Million Dollars and No Cents (\$2,000,000.00) ("**Permanent Loan**"). The Permanent Loan is made for development of the Project upon the terms and conditions and for the purposes set forth in this Agreement. All funds identified herewith will comprise the permanent financing and shall have such terms and conditions as are described in the Regulatory Agreement attached hereto as **Exhibit F**. The Permanent Loan shall be evidenced by a Secured Promissory Note in the amount of Two Million Dollars and No Cents (\$2,000,000) ("**Permanent Note**"), dated as of the Closing date for the Permanent Loan and executed by Developer in form satisfactory to City. The Permanent Note shall be secured by a Leasehold Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing (the "**Deed of Trust**") executed by Developer as Trustor for the benefit of City in form satisfactory to City and HCD and recorded against the Phase I Property or other property of the Developer, satisfactory to the City. Provided that Developer has complied with all conditions precedent to disbursement of the Permanent Loan, the proceeds of the Permanent Loan ("Permanent Loan Proceeds") shall be disbursed pursuant to this Agreement. The outstanding principal balance of the Permanent Loan shall be due and payable in full in fifty-five (55) years from issuance of the Project Certificate of Completion for the Project, without interest. Annual payments shall be due and payable on a residual receipts basis. The entire outstanding principal balance of the City's Permanent Loan shall be payable in full on fifty fifth (55th) anniversary of the date of issuance of the final certificate of occupancy for the Project. A Loan Agreement incorporating the forms of the Permanent Note and the Deed of Trust are referred to collectively as the "**Permanent Loan Documents**" and are attached hereto as **Exhibit L**.

6.2 City Funds. All funds provided by City to Developer for the Project, whether denominated as Predevelopment Funds, Permanent Financing, or otherwise, are collectively referred to herein as “City Funds”

6.3 Use and Disbursement of City Deferred Permanent Loan, Conventional Debt-serviced Permanent Loan, additional grant funding and Tax Credit Equity Funds (collectively, the “Project Funding”). Project Funding shall be used solely to fund specific development activities associated with the Project (in an amount and for only such development activities as are approved for funding by the City and granting agencies) and to fund construction of the Project consistent with the approved Financing Plan, as it may be updated by Developer with City’s approval. The Developer will invoice the City for Predevelopment Funding to cover predevelopment costs. Each invoice will include sufficient supporting documentation to ensure eligibility of the costs as per the funding source as well as explanations for any costs incurred that were not identified in the Predevelopment phase of the Financing Plan attached as **Exhibit J**. In the event that the development does not proceed to a construction loan closing, Developer will have no obligation for the repayment of the **Predevelopment Funding** and will convey to the City all technical and design documents produced to date, pursuant to **Exhibit L**. All uses of Project Funding shall follow federal and State procurement rules as required by the City and granting agencies. Developer shall also inform City and TCAC, as applicable, of proposed withdrawals from Project operating reserve accounts thirty (30) days prior to making withdrawals.

6.4 Conditions to Disbursement of Funds. City’s obligation to disburse remaining City Permanent Loan Funds is conditioned upon the satisfaction of all of the following conditions:

(a) For funding prior to commencement of construction (“Predevelopment Phase”):

(i) Developer’s execution and delivery to City of this Agreement, the Memorandum of DDA, and the Regulatory Agreement.

(ii) Developer’s delivery to the City of evidence of property and liability insurance coverage in accordance with the requirements set forth herein.

(iii) Developer’s delivery to City of each of the following: (i) certificate of good standing, certified by the Secretary of State indicating that Developer is properly organized and authorized to do business in the State of California, (ii) a certified resolution indicating that Developer has authorized the transactions contemplated by this Agreement and that the persons executing the City Documents on behalf of Developer have been duly authorized to do so.

(iv) No material adverse change as determined by City in its reasonable judgment shall have occurred in the condition of the Phase I Property or in the financial or other condition of Developer since the date of this Agreement.

(v) City’s written agreement to the costs and schedule of products represented in the Predevelopment phase of the Financing Plan attached as **Exhibit J**.

Such costs shall be consistent with and support the initial draft of the total Project Financing Plan.

(vi) City's receipt of a written requisition (invoice) from Developer specifying the amount and use of the requested funds, accompanied by copies of third-party invoices for services rendered or to be rendered in connection with the Project and such other documentation as City shall reasonably require, including without limitation, cost certification by accountant as to the expenses incurred. For those costs and expenses not included in Predevelopment budget approved by the City, the City must provide written approval before Developer may incur such cost or expense.

(b) For funding during the Construction period ("**Construction Phase**"), the following are additional requirements for funding requests on or after Commencement of Construction:

(i) Prior to construction loan closing, City's written approval of the updated Financing Plan to be attached as an amendment to **Exhibit J**, reflecting all Project costs, all sources of Project funding, the operating budget and any other schedules, narratives or other work products required by the City. The amended Financing Plan shall further reflect the funding and underwriting requirements of all lenders and grant programs funding the costs of the Construction Phase of the Project. The amended Financing Plan shall provide evidence for an orderly transition to the permanent loan phase of the project.

(ii) Fully executed Permanent Loan Documents for the City's Permanent Funding identifying payment protocol (to be determined in accordance with funding source requirements), and recordation of the Memorandum of DDA, Assignment, Memo of Lease, Loan Documents, and Regulatory Agreement in the Official Records.

(iii) Developer's delivery to City of evidence reasonably satisfactory to City that Developer has obtained all necessary entitlements, permits (including without limitation building permits), licenses, and approvals required to develop the Project, or that the receipt of such permits is subject only to such conditions as City shall reasonably approve; City's approval of the final plans and specifications for the Project; Developer's delivery to City evidence reasonably satisfactory to City that Developer has secured TCAC tax credits and any other binding commitments, subject only to commercially reasonable conditions, for all required Project construction and permanent financing; and in addition to items described in (i) and (ii) above, Developer's delivery to City and City approval of all of the following: (1) performance bonds or other assurance of completion reasonably acceptable to City pursuant to the requirements set forth in Section 5.21; (2) any modification to the construction schedule; and (3) copies of such other documents related to the financing of the Project as City may reasonably request, including cost certification as to the expenses incurred.

6.5 Payment for City Costs. City will be paid \$150,000 for activity delivery and administrative costs incurred by City in the development and occupancy of this development.

ARTICLE VII

USE OF THE PHASE I PROPERTY

7.1 Use; Affordable Housing. Developer covenants and agrees for itself and its successors and assigns that the Phase I Property shall be used for the development and operation of a multi-family residential project for homeless and disabled veterans, in accordance with the terms and conditions of this Agreement and the Regulatory Agreement.

7.2 Maintenance. Developer, at its own expense, shall maintain the Phase I Property, the Improvements and related landscaping and common areas in good physical condition, in good repair, and in decent, safe, sanitary, habitable and tenantable living conditions in conformity with all applicable state, federal, and local laws, ordinances, codes, and regulations. Without limiting the foregoing, Developer agrees to maintain the Project and the Phase I Property (including without limitation, the residential units, common areas, landscaping, driveways, parking areas, and walkways) in a condition free of all waste, nuisance, debris, unmaintained landscaping, graffiti, disrepair, abandoned vehicles/appliances, and illegal activity, and shall take all reasonable steps to prevent the same from occurring on the Phase I Property or at the Project. Developer shall prevent and/or rectify any physical deterioration of the Phase I Property and the Project and shall make all repairs, renewals and replacements necessary to keep the Phase I Property and the improvements located thereon in good condition and repair. Developer shall provide adequate security for occupants of the Project. The provisions of this Section 7.2 shall apply from and after Developer's acquisition of the Phase I Property.

7.3 Taxes and Assessments. From and after Developer's assumption of the County Lease and its Lease of the Infirmary space, as applicable, Developer shall pay all real and personal property taxes, assessments and charges and all franchise, income, payroll, withholding, sales, and other taxes assessed against the Phase I Property or the Improvements and payable by Developer, at such times and in such manner as to prevent any penalty from accruing, or any lien or charge from attaching to the Phase I Property or the Improvements; provided, however, that Developer shall have the right to contest in good faith, any such taxes, assessments, or charges. In the event the Developer exercises its right to contest any tax, assessment, or charge, the Developer, on final determination of the proceeding or contest, shall immediately pay or discharge any decision or judgment rendered against it, together with all costs, charges and interest.

7.4 Obligation to Refrain from Discrimination. From and after Developer's acquisition of the Phase I Property, Developer shall not restrict the rental, sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Phase I Property or the Improvements, or any portion thereof, on the basis of race, color, religion, creed, sex, sexual orientation, disability, marital status, ancestry, or national origin of any person. Developer covenants for itself and all persons claiming under or through it, and this Agreement is made and accepted upon and subject

to the condition that there shall be no discrimination against or segregation of any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Phase I Property or part thereof, nor shall Developer or any person claiming under or through Developer establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in, of, or for the Phase I Property or the Improvements or part thereof. Developer shall include such provision in all deeds, leases, contracts and other instruments executed by Developer, and shall enforce the same diligently and in good faith.

All deeds, leases or contracts made or entered into by Developer, its successors or assigns, as to any portion of the Phase I Property or the Improvements shall contain the following language:

(a) In Deeds, the following language shall appear:

“(1) Grantee herein covenants by and for itself, its successors and assigns, and all persons claiming under or through it, that there shall be no discrimination against or segregation of a person or of a group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the property herein conveyed nor shall the grantee or any person claiming under or through the grantee establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the property herein conveyed. The foregoing covenant shall run with the land.

“(2) Notwithstanding paragraph (1), with respect to familial status, paragraph (1) shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in paragraph (1) shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11 and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to paragraph (1).”

(b) In Leases, the following language shall appear:

“(1) The lessee herein covenants by and for the lessee and lessee’s heirs, personal representatives and assigns, and all persons claiming under the lessee or through the lessee, that this lease is made subject to the condition that there shall be no discrimination against or segregation of any person or of a group of persons on account of race, color, creed, religion, sex, sexual orientation, marital status, national origin, ancestry or disability in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the property herein leased nor shall the lessee or any person claiming under or through the lessee establish or permit

any such practice or practices of discrimination of segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, sublessees, subtenants, or vendees in the property herein leased.

“(2) Notwithstanding paragraph (1), with respect to familial status, paragraph (1) shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in paragraph (1) shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11 and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to paragraph (1).

(c) In Contracts, the following language shall appear:

“There shall be no discrimination against or segregation of any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the property nor shall the transferee or any person claiming under or through the transferee establish or permit any such practice or practices of discrimination or segregation with reference to selection, location, number, use or occupancy of tenants, lessee, subtenants, sublessees or vendees of the land.”

Additionally, City reserves the right to require other mandatory contract language necessary to satisfy existing Federal, State and Local requirements.

ARTICLE VIII

LIMITATIONS ON CHANGE IN OWNERSHIP, MANAGEMENT AND CONTROL OF DEVELOPER

8.1 Change Pursuant to this Agreement. Developer and its principals have represented that they possess the necessary expertise, skill and ability to carry out the development of the Project on the Phase I Property pursuant to this Agreement. The qualifications, experience, financial capacity and expertise of Developer and its principals are of particular concern to the City. It is because of these qualifications, experience, financial capacity and expertise that the City has entered into this Agreement with Developer. No voluntary or involuntary successor, assignee or transferee of Developer shall acquire any rights or powers under this Agreement, except as expressly provided herein.

8.2 Prohibition on Transfer. Prior to the expiration of the term of the Regulatory Agreement, Developer shall not, except as expressly permitted by this Agreement, directly or indirectly, voluntarily, involuntarily or by operation of law make or attempt any total or partial sale, transfer, conveyance, assignment or lease (collectively, “**Transfer**”) of the whole

or any part of Developer's interest in the Phase I Property, the Project, the Improvements, or this Agreement, without the prior written approval of City, which approval shall not be unreasonably withheld. (The provisions concerning Transfer of the Phase I Property, the Project and the Improvements shall apply commencing upon Developer's assumption of the County Lease and/or entry into the Space Lease, as applicable. Any such attempt to assign this Agreement without the City's consent shall be null and void and shall confer no rights or privileges upon the purported assignee. In addition to the foregoing, prior to the expiration of the term of the Regulatory Agreement, except as expressly permitted by this Agreement, Developer shall not undergo any significant change of ownership without the prior written approval of City. For purposes of this Agreement, a "significant change of ownership" shall mean a transfer of the beneficial interest of more than twenty-five percent (25%) in aggregate of the present ownership and /or control of Developer, taking all transfers into account on a cumulative basis; provided however, neither the admission of an investor limited partner, nor the transfer by the investor limited partner to subsequent limited partners shall be restricted by this provision.

8.3 Permitted Transfers. Notwithstanding any contrary provision hereof, the prohibitions set forth in this Article shall not be deemed to prevent: (i) the granting of easements or permits to facilitate development of the Phase I Property; (ii) the dedication of any property required pursuant to this Agreement; (iii) the lease of individual residences to tenants for occupancy as their principal residence in accordance with the Regulatory Agreement; (iv) assignments creating security interests for the purpose of financing, construction or permanent financing of the Project or the Phase I Property in accordance with the approved Financing Plan as it may be updated with City approval, and subject to the requirements of Article VII, or Transfers directly resulting from the foreclosure of, or granting of a deed in lieu of foreclosure of, such a security interest; or (v) a Transfer to a single purpose limited partnership in which at least one of the general partners is an affiliate controlled by Mercy Housing California, a 501(c)(3) California nonprofit corporation ("**Controlled Affiliate**").

8.4 Requirements for Proposed Transfers. The City may, in the exercise of its sole discretion, consent to a proposed Transfer of this Agreement, the Improvements, the Phase I Property or portion thereof if all of the following requirements are met (provided however, the requirements of this Section 8.4 shall not apply to Transfers described in clauses (i) through (iv) of Section 8.3):

(i) The proposed transferee demonstrates to the City's satisfaction that it has the qualifications, experience and financial resources necessary and adequate as may be reasonably determined by the City to competently complete construction of the Project and to otherwise fulfill the obligations undertaken by the Developer under this Agreement.

(ii) The Developer and the proposed transferee shall submit for City review and approval all instruments and other legal documents proposed to effect any Transfer of this Agreement, the Improvements, the Phase I Property or interest therein together with such documentation of the proposed transferee's qualifications and development capacity as the City may reasonably request.

(iii) The proposed transferee shall expressly assume all of the rights and obligations of the Developer under this Agreement and the City Documents arising after the

effective date of the Transfer and all obligations of Developer arising prior to the effective date of the Transfer (unless Developer expressly remains responsible for such obligations) and shall agree to be subject to and assume all of Developer's obligations pursuant to the Conditions of Approval and all other conditions, and restrictions set forth in this Agreement and the Regulatory Agreement.

(iv) The Transfer shall be effectuated pursuant to a written instrument satisfactory to the City in form recordable in the Official Records.

Consent to any proposed Transfer may be given by the City Manager unless the City Manager, in his or her discretion, refers the matter of approval to the City Council. If a proposed Transfer has not been approved by City in writing within thirty (30) days following City's receipt of written request by Developer, it shall be deemed rejected.

8.5 Effect of Transfer without City Consent.

8.5.1 In the absence of specific written agreement by the City, no Transfer by Developer shall be deemed to relieve the Developer or any other party from any obligation under this Agreement.

8.5.2 Without limiting any other remedy City may have under this Agreement, or under law or equity, it shall be an Event of Developer Default hereunder entitling City to terminate this Agreement if without the prior written approval of the City, Developer assigns or Transfers this Agreement, the Improvements, or the Phase I Property prior to the City's issuance of a Certificate of Completion. This Section 8.5.2 shall not apply to Transfers described in clauses (i) through (v) of Section 8.3.

8.6 City's Right to Transfer. Notwithstanding anything to the contrary contained in this Agreement, the City shall be authorized to transfer the City's interest in the Space Lease to either Mercy Housing or VRCA.

ARTICLE IX

SECURITY FINANCING AND RIGHTS OF MORTGAGEES

9.1 Mortgages and Deeds of Trust for Development. Mortgages and deeds of trust, or any other reasonable security instrument are permitted to be placed upon the Phase I Property or the Improvements only for the purpose of securing loans for the purpose of the design and construction of the Improvements, and other expenditures reasonably necessary for development of the Phase I Property pursuant to this Agreement. Developer shall not enter into any conveyance for such financing that is not contemplated in the Financing Plan as it may be updated with City approval, without the prior written approval of the City's Chief Executive officer or his or her designee. As used herein, the terms "mortgage" and "deed of trust" shall mean any security instrument used in financing real estate acquisition, construction and land development.

9.1.1 Memorandum and Regulatory Agreement to be Senior to Mortgages. The City agrees that pursuant to Health and Safety Code Section 33334.14(a)(4),

City will not withhold consent to reasonable requests for subordination of the Regulatory Agreement to deeds of trust provided for the benefit of lenders identified in the Financing Plan as it may be updated with City approval, provided that the instruments effecting such subordination include reasonable protections to the City in the event of default consistent with the requirements of Health and Safety Code Section 33334.14(a)(4).

9.2 Holder Not Obligated to Construct. The holder of any mortgage, deed of trust authorized by this Agreement shall not be obligated to complete construction of the Improvements or to guarantee such completion. Nothing in this Agreement shall be deemed to permit or authorize any such holder to devote the Phase I Property or any portion thereof to any uses, or to construct any improvements thereon, other than those uses or improvements provided for or authorized by this Agreement.

9.3 Notice of Default and Right to Cure. Whenever City delivers any notice of default hereunder, City shall concurrently deliver a copy of such notice to each holder of record of any mortgage or deed of trust secured by the Phase I Property or the Improvements, or other property of Developer, provided that City has been provided with the address for delivery of such notice. City shall have no liability to any such holder for any failure by the City to provide such notice to such holder. Each such holder shall have the right, but not the obligation, at its option, to cure or remedy any such default or breach within the cure period provided to Developer extended by and additional sixty (60) days. In the event that possession of the Phase I Property or the Improvements (or any portion thereof), or other property of Developer, is required to effectuate such cure or remedy, the holder shall be deemed to have timely cured or remedied the default if it commences the proceedings necessary to obtain possession of the Property or Improvements, or other property of Developer, as applicable, within sixty (60) days after receipt of the City's notice, diligently pursues such proceedings to completion, and after obtaining possession, diligently completes such cure or remedy. A holder who chooses to exercise its right to cure or remedy a default or breach shall first notify City of its intent to exercise such right prior to commencing to cure or remedy such default or breach. Nothing contained in this Agreement shall be deemed to permit or authorize such holder to undertake or continue the construction of the Project (beyond the extent necessary to conserve or protect the same) without first having expressly assumed in writing Developer's obligations to City under this Agreement. The holder in that event must agree to complete, in the manner provided in this Agreement, the Project and the Improvements and submit evidence reasonably satisfactory to City that it has the development capability on staff or retainer and the financial capacity necessary to perform such obligations. Any such holder properly completing the Project pursuant to this Section shall assume all rights and obligations of Developer under this Agreement and shall be entitled to a Certificate of Completion upon compliance with the requirements of this Agreement.

9.4 City Right to Cure Defaults. In the event of a breach or default by Developer under a mortgage or deed of trust secured by the Phase I Property or the Improvements, City may cure the default, without acceleration of the subject loan, following prior notice thereof to the holder of such instrument and Developer. In such event, Developer shall be liable for, and City shall be entitled to reimbursement from Developer for all costs and expenses incurred by City associated with and attributable to the curing of the default or breach and such sum.

9.5 Holder to be Notified. Developer agrees to use best efforts to ensure that each term contained herein dealing with security financing and rights of holders shall be either inserted into the relevant deed of trust or mortgage or acknowledged by the holder prior to its creating any security right or interest in the Property or the Improvements, or other property of Developer, as applicable.

9.6 Modifications to Agreement. City shall not unreasonably withhold its consent to modifications of this Agreement requested by Project lenders or investors provided such modifications do not alter City's substantive rights and obligations under this Agreement.

9.7 Estoppel Certificates. Either Party shall, at any time, and from time to time, within fifteen (15) days after receipt of written request from the other Party, execute and deliver to such Party a written statement certifying that, to the knowledge of the certifying Party: (i) this Agreement is in full force and effect and a binding obligation of the Parties (if such be the case), (ii) this Agreement has not been amended or modified, or if so amended, identifying the amendments, and (iii) the requesting Party is not in default in the performance of its obligations under this Agreement, or if in default, describing the nature of any such defaults.

ARTICLE X

ENVIRONMENTAL MATTERS

10.1 No City Liability; Developer's Covenants. City shall be not responsible for the cost of any soil, groundwater or other environmental remediation or other response activities for any Hazardous Materials existing or occurring in, on, under or about the Improvements, the Phase I Property or any portion thereof. From and after Developer's assumption of the County Lease and/or entry into the Lease, as applicable, upon receipt of any notice regarding the presence, release or discharge of Hazardous Materials in, on or under the Improvements, the Phase I Property, or any portion thereof, Developer agrees to timely initiate and diligently pursue and complete all appropriate response, remediation and removal actions for the presence, release or discharge of such Hazardous Materials within such deadlines as specified by applicable Environmental Laws. Developer hereby covenants and agrees that commencing upon Developer's acquisition of its interests in the Phase I Property:

(i) Developer shall not knowingly permit the Project or the Phase I Property or any portion of either to be a site for the use, generation, treatment, manufacture, storage, disposal or transportation of Hazardous Materials or otherwise knowingly permit the presence or release of Hazardous Materials in, on, under, about or from the Project or the Phase I Property with the exception of cleaning supplies and other materials customarily used in construction, operation or maintenance of residential property and any commercial uses developed as part of the Project, and used, stored and disposed of in compliance with Hazardous Materials Laws, and

(ii) Developer shall keep and maintain the Project and the Phase I Property and each portion thereof in compliance with, and shall not cause or permit the Project or the Phase I Property or any portion of either to be in violation of, any Hazardous Materials Laws.

10.2 Environmental Indemnification. Subject to the last sentence of this Section 10.2, commencing upon execution of the Assignment and the Space Lease, Developer shall indemnify, defend (with counsel approved by City) and hold the Indemnitees harmless from and against any and all Claims including without limitation any expenses associated with the investigation, assessment, monitoring, response, removal, treatment, abatement or remediation of Hazardous Materials and administrative, enforcement or judicial proceedings resulting, arising, or based directly or indirectly in whole or in part, upon (i) the presence, release, use, generation, discharge, storage or disposal or the alleged presence, release, discharge, storage or disposal of any Hazardous Materials on, under, in or about, or the transportation of any such Hazardous Materials to or from, the Property, or (ii) the failure of Developer, Developer's employees, agents, contractors, subcontractors, or any person acting on behalf of any of the foregoing to comply with Hazardous Materials Laws or the covenants set forth in Section 10.1. The foregoing indemnity shall further apply to any residual contamination in, on, under or about the Property or affecting any natural resources, and to any contamination of any property or natural resources arising in connection with the generation, use, handling, treatment, storage, transport or disposal of any such Hazardous Materials, and irrespective of whether any of such activities were or will be undertaken in accordance with Hazardous Materials Laws. The provisions of this Section 10.2 shall survive the issuance of a Certificate of Completion for the Project and the expiration or earlier termination of this Agreement. Except for any Claims caused by sole negligence of the Developer or its agents, Developer's indemnification obligations set forth in this Section shall not apply to Claims regarding the Phase I Property arising out of or occurring prior to Developer's acquisition of the Phase I Property.

10.2.1 No Limitation. Developer hereby acknowledges and agrees that Developer's duties, obligations and liabilities under this Agreement, including, without limitation, under Section 8.2 above, are in no way limited or otherwise affected by any information the City may have concerning the Phase I Property and/or the presence in, on, under or about the Property of any Hazardous Materials, whether the City obtained such information from the Developer or from its own investigations. It is further agreed that City does not and shall not waive any rights against Developer that they may have by reason of this indemnity and hold harmless agreement because of the acceptance by City, or the deposit with City by Developer, of any of the insurance policies described in this Agreement.

10.3 Hazardous Materials. As used herein, the term "**Hazardous Materials**" means any substance, material or waste which is or becomes regulated by any federal, state or local governmental authority, and includes without limitation (i) petroleum or oil or gas or any direct or indirect product or by-product thereof; (ii) asbestos and any material containing asbestos; (iii) any substance, material or waste regulated by or listed (directly or by reference) as a "hazardous substance", "hazardous material", "hazardous waste", "toxic waste", "toxic pollutant", "toxic substance", "solid waste" or "pollutant or contaminant" in or pursuant to, or similarly identified as hazardous to human health or the environment in or pursuant to, the Toxic Substances Control Act [15 U.S.C. Section 2601, *et seq.*]; the Comprehensive Environmental Response, Compensation and Liability Act [42 U.S.C. Section 9601, *et seq.*], the Hazardous Materials Transportation Authorization Act [49 U.S.C. Section 5101, *et seq.*], the Resource Conservation and Recovery Act [42 U.S.C. Section 6901, *et seq.*], the Federal Water Pollution Control Act [33 U.S.C. Section 1251], the Clean Air Act [42 U.S.C. Section 7401, *et seq.*], the California Underground Storage of Hazardous Substances Act [California Health and Safety

Code Section 25280, *et seq.*], the California Hazardous Substances Account Act [California Health and Safety Code Section 25300, *et seq.*], the California Hazardous Waste Act [California Health and Safety Code Section 25100, *et seq.*], the California Safe Drinking Water and Toxic Enforcement Act [California Health and Safety Code Section 25249.5, *et seq.*], and the Porter-Cologne Water Quality Control Act [California Water Code Section 13000, *et seq.*], as they now exist or are hereafter amended, together with any regulations promulgated thereunder; (iv) any substance, material or waste which is defined as such or regulated by any “Superfund” or “Superlien” law, or any Environmental Law; or (v) any other substance, material, chemical, waste or pollutant identified as hazardous or toxic and regulated under any other federal, state or local environmental law, including without limitation, asbestos, polychlorinated biphenyls, petroleum, natural gas and synthetic fuel products and by-products. Hazardous Materials shall not include any materials routinely used in the construction or operations of multifamily housing in accordance with all applicable laws and regulations.

10.4 Environmental Laws. As used herein, the term “**Environmental Laws**” means all federal, state or local statutes, ordinances, rules, regulations, orders, decrees, judgments or common law doctrines, and provisions and conditions of permits, licenses and other operating authorizations regulating, or relating to, or imposing liability or standards of conduct concerning (i) pollution or protection of the environment, including natural resources; (ii) exposure of persons, including employees and agents, to Hazardous Materials (as defined above) or other products, raw materials, chemicals or other substances; (iii) protection of the public health or welfare from the effects of by-products, wastes, emissions, discharges or releases of chemical substances from industrial or commercial activities; (iv) the manufacture, use or introduction into commerce of chemical substances, including without limitation, their manufacture, formulation, labeling, distribution, transportation, handling, storage and disposal; or (iv) the use, release or disposal of toxic or hazardous substances or Hazardous Materials or the remediation of air, surface waters, groundwaters or soil, as now or may at any later time be in effect, including but not limited to the Toxic Substances Control Act [15 U.S.C. Section 2601, *et seq.*]; the Comprehensive Environmental Response, Compensation and Liability Act [42 U.S.C. Section 9601, *et seq.*], the Hazardous Materials Transportation Authorization Act [49 U.S.C. Section 5101, *et seq.*], the Resource Conservation and Recovery Act [42 U.S.C. Section 6901, *et seq.*], the Federal Water Pollution Control Act [33 U.S.C. Section 1251], the Clean Air Act [42 U.S.C. Section 7401, *et seq.*], the California Underground Storage of Hazardous Substances Act [California Health and Safety Code Section 25280, *et seq.*], the California Hazardous Substances Account Act [California Health and Safety Code Section 25300, *et seq.*], the California Hazardous Waste Act [California Health and Safety Code Section 25100, *et seq.*], the California Safe Drinking Water and Toxic Enforcement Act [California Health and Safety Code Section 25249.5, *et seq.*], and the Porter-Cologne Water Quality Control Act [California Water Code Section 13000, *et seq.*], as each of the foregoing now exist or are hereafter amended, together with any regulations promulgated thereunder.

ARTICLE XI

DEFAULTS, REMEDIES AND TERMINATION

11.1 Event of Developer Default. The following events shall constitute an event of default on the part of Developer (“**Event of Developer Default**”):

(a) Subject to force majeure, the availability of financing and City's issuance of permits and approvals, Developer fails to commence or complete construction of the Project within the times set forth in Section 5.8, or subject to force majeure, abandons or suspends construction of the Project prior to completion for a period of sixty (60) days or more;

(b) A Transfer occurs, either voluntarily or involuntarily, in violation of Article VIII;

(c) Developer fails to maintain insurance as required pursuant to this Agreement, and Developer fails to cure such default within ten (10) days;

(d) Subject to Developer's right to contest the following charges pursuant to Section 7.3, if Developer fails to pay prior to delinquency taxes or assessments due on the Phase I Property or the Project or fails to pay when due any other charge that may result in a lien on the Phase I Property or the Project, and Developer fails to cure such default within thirty (30) days of date of delinquency, but in all events upon the imposition of any such tax or other lien;

(e) Following Developer's acquisition of the Phase I Property, a default arises under any loan secured by a mortgage, deed of trust or other security instrument recorded against the Phase I Property, the Improvements, or Developer's interest therein, and remains uncured beyond any applicable cure period such that the holder of such security instrument has the right to accelerate repayment of such loan;

(f) Any representation or warranty contained in this Agreement or in any application, financial statement, certificate or report submitted to the City in connection with this Agreement or Developer's request for City Funds proves to have been incorrect in any material and adverse respect when made and continues to be materially adverse to the City and Developer fails to cure such default within sixty (60) days after the date upon which City shall have given written notice of the default to Developer;

(g) If, pursuant to or within the meaning of the United States Bankruptcy Code or any other federal or state law relating to insolvency or relief of debtors ("**Bankruptcy Law**"), Developer (i) commences a voluntary case or proceeding; (ii) consents to the entry of an order for relief against Developer or any general partner thereof in an involuntary case; (iii) consents to the appointment of a trustee, receiver, assignee, liquidator or similar official for Developer or any general partner thereof; (iv) makes an assignment for the benefit of its creditors; or (v) admits in writing its inability to pay its debts as they become due;

(h) A court of competent jurisdiction shall have made or entered any decree or order (1) adjudging the Developer to be bankrupt or insolvent, (2) approving as properly filed a petition seeking reorganization of the Developer or seeking any arrangement for Developer under bankruptcy law or any other applicable debtor's relief law or statute of the United States or any state or other jurisdiction, (3) appointing a receiver, trustee, liquidator, or assignee of the Developer in bankruptcy or insolvency or for any of its properties, or (4) directing the winding up or liquidation of the Developer;

(i) Developer shall have assigned its assets for the benefit of its creditors (other than pursuant to a mortgage loan) or suffered a sequestration or attachment of or execution on any substantial part of its property, unless the property so assigned, sequestered, attached or executed upon shall have been returned or released within sixty (60) days after such event (unless a lesser time period is permitted for cure under any other mortgage on the Property or the Improvements, in which event such lesser time period shall apply under this subsection as well) or prior to any sooner sale pursuant to such sequestration, attachment, or execution;

(j) The Developer shall have voluntarily suspended its business or Developer shall have been dissolved or terminated;

(k) An event of default arises under any City Document and remains uncured beyond any applicable cure period; or

(l) Developer defaults in the performance of any term, provision, covenant or agreement contained in this Agreement other than an obligation enumerated in this Section 11.1 and unless a shorter cure period is specified for such default, the default continues for ten (10) days in the event of a monetary default or ninety (90) days in the event of a nonmonetary default after the date upon which City shall have given written notice of the default to Developer; provided however, if the default is of a nature that it cannot be cured within sixty (60) days, an Event of Developer Default shall not arise hereunder if Developer commences to cure the default within sixty (60) days and thereafter prosecutes the curing of such default with due diligence and in good faith to completion and in no event later than one hundred twenty (120) days after receipt of notice of the default.

11.2 City Default. An event of default on the part of City (“**Event of City Default**”) shall arise hereunder if City fails to keep, observe, or perform any of its covenants, duties, or obligations under this Agreement, and the default continues for a period of thirty (30) days after written notice thereof from Developer to City, or in the case of a default which cannot with due diligence be cured within thirty (30) days, City fails to commence to cure the default within thirty (30) days of such notice and thereafter fails to prosecute the curing of such default with due diligence and in good faith to completion.

11.3 City’s Right to Terminate Agreement. If an Event of Developer Default shall occur and be continuing beyond any applicable cure period, then City shall, in addition to other rights available to it under law or this Agreement, have the right to terminate this Agreement. If City makes such election, City shall give written notice to Developer and to any mortgagee entitled to such notice specifying the nature of the default and stating that this Agreement shall expire and terminate on the date specified in such notice, and upon the date specified in the notice, this Agreement and all rights of Developer under this Agreement, shall expire and terminate.

11.4 City’s Remedies and Rights Upon an Event of Developer Default. Upon the occurrence of an Event of Developer Default and the expiration of any applicable cure period, City shall have all remedies available to it under this Agreement or under law or equity, including, but not limited to the following, and City may, at its election, without notice to or

demand upon Developer, except for notices or demands required by law or expressly required pursuant to the City Documents, exercise one or more of the following remedies:

- (a) Accelerate and declare the balance of the Permanent Note, and any interest accrued thereon, immediately due and payable;
- (b) Seek specific performance to enforce the terms of the City Documents;
- (c) Foreclose on the Property pursuant to the Deed of Trust; and
- (d) Pursue any and all other remedies available under this Agreement or under law or equity to enforce the terms of the City Documents and City's rights thereunder.

11.5 Developer's Remedies Upon an Event of City Default. Upon the occurrence of an Event of City Default, in addition to pursuing any other remedy allowed at law or in equity or otherwise provided in this Agreement, Developer may bring an action for equitable relief seeking the specific performance of the terms and conditions of this Agreement, and/or enjoining, abating, or preventing any violation of such terms and conditions, and/or seeking to obtain any other remedy consistent with the purpose of this Agreement.

11.6 Remedies Cumulative; No Consequential Damages. Except as otherwise expressly stated in this Agreement, the rights and remedies of the Parties are cumulative, and the exercise by either Party of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different time, of any other rights or remedies for the same or any other default by the other Party. Notwithstanding anything to the contrary set forth herein, a Party's right to recover damages in the event of a default shall be limited to actual damages and shall exclude consequential damages.

11.7 Inaction Not a Waiver of Default. No failure or delay by either Party in asserting any of its rights and remedies as to any default shall operate as a waiver of such default or of any such rights or remedies, nor deprive either Party of its rights to institute and maintain any action or proceeding which it may deem necessary to protect, assert or enforce any such rights or remedies in the same or any subsequent default.

ARTICLE XII

INDEMNITY AND INSURANCE

12.1 Indemnity. Developer shall indemnify, defend (with counsel approved by City) and hold Indemnitees, except third party contractors and consultants, harmless from and against any and all Claims, including without limitation, Claims arising directly or indirectly, in whole or in part, as a result of or in connection with Developer's or Developer's contractors, subcontractors, agents or employees development, construction, improvement, operation, ownership or maintenance of the Project or the Phase I Property, or any part thereof or otherwise arising out of or in connection with Developer's performance under this Agreement. Developer's indemnification obligations under this Section 12.1 shall not extend to Claims resulting solely from the gross negligence or willful misconduct of, or to any breach of a

warranty or representation of this Agreement by, one or more Indemnitees. The provisions of this Section 12.1 shall survive the issuance of a Certificate of Completion for the Project and the expiration or earlier termination of this Agreement. It is further agreed that City will not and shall not waive any rights against Developer that they may have by reason of this indemnity and hold harmless agreement because of the acceptance by City, or the deposit with City by Developer, of any of the insurance policies described in this Agreement.

12.2 Liability and Workers' Compensation Insurance.

(a) Prior to initiating work on the Project and continuing through the issuance of the Certificate of Completion, Developer and all contractors working on behalf of Developer on the Project shall maintain a commercial general liability policy in the amount of One Million Dollars (\$1,000,000) each occurrence, Two Million Dollars (\$2,000,000) annual aggregate, together with Three Million Dollars (\$3,000,000) excess liability coverage, or such other policy limits as City may require in its reasonable discretion including coverage for bodily injury, property damage, products, completed operations and contractual liability coverage. Such policy or policies shall be written on an occurrence basis and shall name the Indemnitees as additional insureds.

(b) Until issuance of the Certificate of Completion, Developer and all contractors working on behalf of Developer shall maintain a comprehensive automobile liability coverage in the amount of One Million Dollars (\$1,000,000), combined single limit including coverage for owned and non-owned vehicles and shall furnish or cause to be furnished to City evidence satisfactory to City that Developer and any contractor with whom Developer has contracted for the performance of work on the Phase I Property or otherwise pursuant to this Agreement carries workers' compensation insurance in an amount not less than One Million Dollars (\$1,000,000), including a Waiver of Subrogation. Automobile liability policies shall name the Indemnitees as additional insureds.

(c) Upon commencement of construction work and continuing until issuance of a Certificate of Completion, Developer and all contractors working on behalf of Developer shall maintain a policy of builder's all-risk insurance in an amount not less than the full insurable cost of the Project on a replacement cost basis naming City as loss payee. Such insurance shall include coverage for risks of direct physical loss or damage, excluding the perils of earthquake, flood, and earth movement.

(d) Upon completion of construction, Developer shall maintain property insurance covering all risks of loss (other than earthquake and flood) for one hundred percent (100%) of the replacement value of the Project with deductible no greater than Ten Thousand Dollars (\$10,000), naming City as loss payee.

(e) Companies writing the insurance required hereunder shall be licensed to do business in the State of California. Insurance shall be placed with insurers with a current A.M. Best's rating of no less than A: VII. The Commercial General Liability and comprehensive automobile policies required hereunder shall name the Indemnitees as additional insureds. Builder's Risk and property insurance shall name City as loss payees as their interests may appear.

(f) Prior to commencement of construction work, Developer shall furnish City with certificates of insurance in form acceptable to City evidencing the required insurance coverage and duly executed endorsements evidencing such additional insured status. The certificates shall contain a statement of obligation on the part of the carrier to notify City of any material adverse change, cancellation, termination or non-renewal of the coverage at least thirty (30) days in advance of the effective date of any such material adverse change, cancellation, termination or non-renewal.

(g) If any insurance policy or coverage required hereunder is canceled or reduced, Developer shall, within twenty-one (21) days after receipt of notice of such cancellation or reduction in coverage, but in no event later than the effective date of cancellation or reduction, file with City a certificate showing that the required insurance has been reinstated or provided through another insurance company or companies. Upon failure to so file such certificate, City may, without further notice and at its option, procure such insurance coverage at Developer's expense, and Developer shall promptly reimburse City for such expense upon receipt of billing from City.

(h) Coverage provided by Developer shall be primary insurance and shall not be contributing with any insurance, or self-insurance maintained by City, and the policies shall so provide. Any Workers' Compensation insurance policies shall contain a waiver of subrogation for the benefit of the City. Developer shall furnish the required certificates and endorsements to City prior to the commencement of construction of the Project, and shall provide City with certified copies of the required insurance policies upon request of City.

ARTICLE XIII

MISCELLANEOUS PROVISIONS

13.1 No Brokers. Each Party warrants and represents to the other that no person or entity can properly claim a right to a real estate commission, brokerage fee, finder's fee, or other compensation with respect to the transactions contemplated by this Agreement, except as identified in the Financing Plan. Each Party agrees to defend, indemnify and hold harmless the other Party from any claims, expenses, costs or liabilities arising in connection with a breach of this warranty and representation. The terms of this Section shall survive the expiration or earlier termination of this Agreement.

13.2 Enforced Delay; Extension of Times of Performance. Subject to the limitations set forth below, performance by either Party shall not be deemed to be in default, and all performance and other dates specified in this Agreement shall be extended where delays are due to: war, insurrection, strikes, lockouts, riots, floods, earthquakes, fires, casualties, acts of God, acts of the public enemy, epidemics, quarantine restrictions, freight embargoes, governmental restrictions or priority, litigation, including court delays, unusually severe weather, acts or omissions of the other Party, acts or failures to act of the City or any other public or governmental agency or entity (other than the acts or failures to act of City which shall not excuse performance by City), or any other cause beyond the affected Party's reasonable control. An extension of time for any such cause shall be for the period of the enforced delay and shall commence to run from the time of the commencement of the cause, if notice by the Party

claiming such extension is sent to the other Party within thirty (30) days of the commencement of the cause and such extension is not rejected in writing by the other Party within ten (10) days of receipt of the notice. Neither Party shall unreasonably withhold consent to an extension of time pursuant to this Section.

Times of performance under this Agreement may also be extended in writing by the mutual agreement of Developer and City (acting in the discretion of its City Manager unless he or she determines in his or her discretion to refer such matter to the City Council). City and Developer acknowledge that adverse changes in economic conditions, either of the affected Party specifically or the economy generally, changes in market conditions or demand, and/or inability to obtain financing to complete the work of Improvements shall not constitute grounds of enforced delay pursuant to this Section. Each Party expressly assumes the risk of such adverse economic or market changes and/or financial inability, whether or not foreseeable as of the Effective Date.

13.3 Notices. Except as otherwise specified in this Agreement, all notices to be sent pursuant to this Agreement shall be made in writing, and sent to the Parties at their respective addresses specified below or to such other address as a Party may designate by written notice delivered to the other Parties in accordance with this Section. All such notices shall be sent by:

- (i) personal delivery, in which case notice is effective upon delivery;
- (ii) certified or registered mail, return receipt requested, in which case notice shall be deemed delivered on receipt if delivery is confirmed by a return receipt;
- (iii) nationally recognized overnight courier, with charges prepaid or charged to the sender's account, in which case notice is effective on delivery if delivery is confirmed by the delivery service;
- (iv) facsimile transmission, in which case notice shall be deemed delivered upon transmittal, provided that (a) a duplicate copy of the notice is promptly delivered by first-class or certified mail or by overnight delivery, or (b) a transmission report is generated reflecting the accurate transmission thereof. Any notice given by facsimile shall be considered to have been received on the next business day if it is received after 5:00 p.m. recipient's time or on a non-business day.

City: City of Rancho Cordova
2729 Prospect Park Drive
Rancho Cordova, CA 95670
Attention: City Manager [or designee]
Facsimile: (916) 851-8787

Developer: Mercy Housing California,
3120 Freeboard Drive, Suite 202
West Sacramento, CA 95691
Attn: Stephan Daues

Facsimile: (916) 414-4490

13.4 Attorneys' Fees. If either Party fails to perform any of its obligations under this Agreement, or if any dispute arises between the Parties concerning the meaning or interpretation of any provision hereof, then the prevailing Party in any proceeding in connection with such dispute shall be entitled to the costs and expenses it incurs on account thereof and in enforcing or establishing its rights hereunder, including, without limitation, court costs and reasonable attorneys' fees and disbursements.

13.5 Waivers; Modification. No waiver of any breach of any covenant or provision of this Agreement shall be deemed a waiver of any other covenant or provision hereof, and no waiver shall be valid unless in writing and executed by the waiving Party. An extension of time for performance of any obligation or act shall not be deemed an extension of the time for performance of any other obligation or act, and no extension shall be valid unless in writing and executed by the Party granting the extension. This Agreement may be amended or modified only by a written instrument executed by the Parties.

13.6 Binding on Successors. Subject to the restrictions on Transfers set forth in Article VIII, this Agreement shall bind and inure to the benefit of the Parties and their respective permitted successors and assigns. Any reference in this Agreement to a specifically named Party shall be deemed to apply to any permitted successor and assign of such Party who has acquired an interest in compliance with this Agreement or under law.

13.7 Survival. All representations made by Developer hereunder and Developer's obligations pursuant to Sections 5.14, 5.17, 5.18, 10.2, 12.1, 13.1 and 13.18 shall survive the expiration or termination of this Agreement and the issuance and recordation of a Certificate of Completion.

13.8 Construction. The section headings and captions used herein are solely for convenience and shall not be used to interpret this Agreement. The Parties acknowledge that this Agreement is the product of negotiation and compromise on the part of both Parties, and the Parties agree, that since both Parties have participated in the negotiation and drafting of this Agreement, this Agreement shall not be construed as if prepared by one of the Parties, but rather according to its fair meaning as a whole, as if both Parties had prepared it.

13.9 Action or Approval. Whenever action and/or approval by City is required under this Agreement, the City Manager or his or her designee may act on and/or approve such matter unless specifically provided otherwise, or unless the City Manager determines in his or her discretion that such action or approval requires referral to the City Council for consideration.

13.10 Entire Agreement. This Agreement, including Exhibits A through J attached hereto and incorporated herein by this reference, together with other City Documents contains the entire agreement between the Parties with respect to the subject matter hereof, and supersedes all prior written or oral agreements, understandings, representations or statements between the Parties with respect to the subject matter hereof.

13.11 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be an original and all of which taken together shall constitute one instrument. The signature page of any counterpart may be detached therefrom without impairing the legal effect of the signature(s) thereon provided such signature page is attached to any other counterpart identical thereto having additional signature pages executed by the other Party. Any executed counterpart of this Agreement may be delivered to the other Party by facsimile and shall be deemed as binding as if an originally signed counterpart was delivered.

13.12 Severability. If any term, provision, or condition of this Agreement is held by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Agreement shall continue in full force and effect unless an essential purpose of this Agreement is defeated by such invalidity or unenforceability.

13.13 No Third Party Beneficiaries. Nothing contained in this Agreement is intended to or shall be deemed to confer upon any person, other than the Parties and their respective successors and assigns, any rights or remedies hereunder.

13.14 Parties Not Co-Venturers. Nothing in this Agreement is intended to or shall establish the Parties as partners, co-venturers, or principal and agent with one another.

13.15 Non-Liability of Officials, Employees and Agents. No officer, official, employee or agent of City shall be personally liable to Developer or its successors in interest in the event of any default or breach by City for any amount which may become due to Developer or its successors in interest pursuant to this Agreement.

13.16 Time of the Essence; Calculation of Time Periods. Time is of the essence for each condition, term, obligation and provision of this Agreement. Unless otherwise specified, in computing any period of time described in this Agreement, the day of the act or event after which the designated period of time begins to run is not to be included and the last day of the period so computed is to be included, unless such last day is not a business day, in which event the period shall run until the next business day. The final day of any such period shall be deemed to end at 5:00 p.m., local time at the Property. For purposes of this Agreement, a "business day" means a day that is not a Saturday, Sunday, a federal holiday or a state holiday under the laws of California.

13.17 Governing Law; Venue. This Agreement shall be governed by and construed in accordance with the laws of the State of California without regard to principles of conflicts of laws. Any action to enforce or interpret this Agreement shall be filed in the Superior Court of Sacramento County, California or in the Federal District Court for the Eastern District of California.

13.18 General Indemnification. Developer shall indemnify, defend (with counsel approved by City) and hold harmless Indemnitees from all Claims (including without limitation, reasonable attorneys' fees) arising in connection with any claim, action or proceeding to attack, set aside, void, or annul any approval by the City or any of its agencies, departments, commissions, agents, officers, employees or legislative body concerning the Project or this Agreement. The City will promptly notify Developer of any such claim, action or proceeding,

and will cooperate fully in the defense. The City may participate in the defense of any such claim, action or proceeding, and if the City chooses to do so, Developer shall reimburse City for reasonable attorneys' fees and expenses incurred. Developer's indemnification obligation hereunder shall not apply to gross negligence or willful misconduct of an Indemnatee.

IN WITNESS WHEREOF, the Parties have entered into this Agreement effective as of the date first written above.

CITY

THE CITY OF RANCHO CORDOVA, a California municipal corporation

By: _____

Name: _____

Title: _____

ATTEST:

By: _____
, City Clerk

APPROVED AS TO FORM:

By: _____
, City Attorney

DEVELOPER

Mercy Housing California, a 501(c)(3) California nonprofit corporation

By: _____

Name: _____

Title: _____

Exhibit A
CITY – COUNTY LEASE AGREEMENT
 (Attach Agreement.)

Exhibit B
ASSIGNMENT AND ASSUMPTION AGREEMENT
 (Attach Agreement.)

Exhibit C
LEGAL DESCRIPTION OF PHASE I PROPERTY
 (Attach Legal Description.)

Exhibit D
GRANT DEED
 (Attach Grant Deed.)

Exhibit E
PARCEL 4 SPACE LEASE
 (Attach Lease.)

Exhibit F
**AFFORDABLE HOUSING REGULATORY AGREEMENT AND DECLARATION OF
 RESTRICTIVE COVENANTS**
 (Attach Regulatory Agreement.)

Exhibit G
FORM OF MEMORANDUM OF DISPOSITION AND DEVELOPMENT AGREEMENT
 (Attach form of Memorandum.)

Exhibit H
DEVELOPMENT AND PERFORMANCE SCHEDULE
 (Attach Schedule)

Exhibit I
APPROVED PLANS PER DESIGN REVIEW
 (Attach Approved Plans and Conditions)

Exhibit J
FINANCING PLAN
 (Attach Financing Plan.)

Exhibit K
FORM OF CERTIFICATE OF COMPLETION
 (Attach form of Certificate.)

Exhibit L
FORM OF LOAN AGREEMENT
(Attach form of Loan Agreement.)

2234982.1

Revenue File No: 00XXX

LEASE AGREEMENT

APN 067-0010-099

Between: **COUNTY OF SACRAMENTO**

and

CITY OF RANCHO CORDOVA

Effective:

6/25, 2013

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LEASE AGREEMENT

3611 BLECKELY STREET MATHER, CALIFORNIA 95655

THIS LEASE AGREEMENT ("Agreement"), dated as of this 25th day of June, 2013, is made between the **COUNTY OF SACRAMENTO**, a political subdivision of the State of California (hereinafter the "LESSOR" or "COUNTY") and **City of Rancho Cordova**, (hereinafter the "CITY" or "LESSEE"), with reference to the following facts: COUNTY and CITY are referred to hereinafter individually as a "Party" and collectively as the "Parties".

RECITALS

A. COUNTY is the owner of that certain parcel of real property (the "Property") located at 3611 Bleckely Street, Mather, California 95655, also known as Assessor's Parcel Number ("APN") 067-0010-099, and more particularly described in Exhibit "A" attached hereto; and

B. The Premises (defined in Article 1 hereof) is part of the property conveyed by the United States Air Force ("Air Force") to the COUNTY, which was formerly part of Mather Air Force Base. The Property is subject to covenants, conditions, restrictions and other limitations as set out in the "Economic Development Conveyance Agreement," as amended, between the Air Force and the COUNTY and the Quitclaim Deed by which the Air Force conveyed the Property to COUNTY (collectively, "Air Force Conveyance Documents"), recorded in the Office of the County Recorder for the County of Sacramento in Book 20130503 at Page 1295; The Air Force Conveyance Documents are attached hereto as Exhibit "E"; and

C. CITY expressly acknowledges that groundwater contamination is currently present underneath or near the former Mather Air Force Base. The contaminated groundwater is due to the presence of hazardous materials, including volatile organic compounds and ammonium perchlorate, caused by persons or entities other than COUNTY, which is the subject of ongoing investigation and monitoring. The United States Department of the Air Force is cleaning up a portion of the groundwater contamination in the region under the supervision of the State of California Department of Toxic Substances Control and the Central Valley Regional Water Quality Control Board and the United States Environmental Protection Agency. In addition, the Boeing Company and Aerojet-General Corporation are installing monitoring wells in the region pursuant to Cleanup and Abatement Order No. 97-093 issued by the Regional Board to the Boeing Company and Aerojet General Corporation to investigate the extent of ammonium perchlorate emanating from the Inactive Rancho Cordova Test Site, east of the former Mather Air Force Base. CITY further expressly acknowledges that this groundwater contamination has forced the closure of water supply wells at the former Mather Air Force Base, may threaten closure of more wells at the former Mather Air Force Base and may restrict the COUNTY's ability to install new or replacement water supply wells on or near the former Mather Air Force Base to supply the Premises and the former Mather Air Force Base with

potable water. The former Mather Air Force Base is located within the service area of Zone 41 of the Sacramento County Water Agency. Zone 41 of the Sacramento County Water Agency is responsible for and committed to providing a long-term potable water supply to the former Mather Air Force Base. Drinking water wells on the former Mather Air Force Base are tested for contaminants as required by the State of California Department of Health Services and the California Environmental Protection Agency. The most current information and reports regarding potable water supply at the former Mather Air Force Base are available by contacting the Water Resources Department of the County of Sacramento Public Works Agency at 10151 Florin Road, Sacramento, CA 95829. The telephone number is (916) 875-6947. The most current information and reports regarding groundwater contamination at the former Mather Air Force Base are available by contacting URS at 3411 Olson Street, McClellan, CA 95652 Attn: Bill Hues, (916) 997-1564; and

D. CITY is a municipal corporation with its principal place of business at 2729 Prospect Park Drive, Rancho Cordova, California 95670; and

E. CITY desires to lease the Premises (defined below) from COUNTY for multifamily residential use on the terms hereinafter set forth. Following execution of this Agreement, CITY intends to assign its interest in this Agreement to a limited partnership affiliated with Mercy Housing, Inc., a Nebraska nonprofit corporation ("Mercy Housing") for the purposes of construction, developing and operating a low income housing project with related services for disabled veterans (the "Project"); and

F. COUNTY is, therefore, willing to lease the Premises to CITY upon the promises, terms, conditions and covenants set forth herein below.

AGREEMENT

NOW, THEREFORE, it is mutually agreed as follows:

INCORPORATION OF RECITALS. The foregoing recitals are true and correct and hereby incorporated by reference.

ARTICLE 1 PREMISES

- 1.1 PREMISES.** In consideration of the following covenants and other good and valuable consideration hereinafter contained, the COUNTY does hereby lease to CITY and CITY does hereby lease from COUNTY the following described portion of the Property: a mutually agreed area of approximately 3.69 acres of land ("Premises" or "Leased Premises") located at 3611 Bleckely Street, Mather, California 95655, being APN 067-0010-099, as more particularly shown on Exhibit "B", attached hereto and made a part hereof by reference.

- 1.2 EXISTING BUILDING.** The Premises includes an existing two-story, 24,093 square foot building commonly known as the Mather Infirmary ("Building 1770"), a small shed, and a small building containing mechanical equipment (collectively, the "Structures") more particularly identified in Exhibit "D", attached hereto and made a part hereof by reference. The Parties hereby agree to treat the Structures as personal property and that COUNTY shall transfer ownership of the Structures to CITY via Bill of Sale, which is attached hereto as Exhibit "F". CITY shall not be required to provide any consideration for the conveyance of any of the Structures, including Building 1770, other than that provided for in this Lease, as described in Section 3.1, below. CITY shall accept ownership of the Structures without warranty or recourse against COUNTY for the condition thereof which CITY accepts 'as is'. COUNTY shall continue to own the land underneath the Structures.
- 1.3 PRIORITY OF CONVEYANCE DOCUMENTS.** This Agreement is subject to all terms, conditions and restrictions contained in the Air Force Conveyance Documents. Various governmental agencies exercise jurisdiction over the Premises, and CITY shall comply with their lawful requirements. CITY acknowledges that it has received, reviewed, understands and agrees to comply with all covenants, conditions, restrictions and other limitations as set forth in Exhibit "E".

ARTICLE 2 TERM

- 2.1 TERM COMMENCEMENT.** The term of this Agreement (the "Term") commences on the date of mutual execution of this Agreement (the "Commencement Date").
- 2.2 EXPIRATION.** Unless sooner terminated as herein provided, the Term expires and ends at 11:59 PM, local time, on the last day of the calendar month which completes Ninety Nine (99) full years from the Commencement Date (the "Expiration Date").
- 2.3 HOLDOVER.** In the event CITY remains in possession of the Premises after the expiration of the Term, then this Agreement will remain in effect upon the same terms and conditions as a month-to-month tenancy. Either Party hereto may terminate the tenancy following expiration of the Term by giving a thirty (30) day written notice.

ARTICLE 3 RENT

- 3.1 NO RENT; OTHER CONSIDERATION.** City leases the Premises free of any obligation to pay rent under this Agreement. Instead of paying rent, it is mutually agreed that CITY, its contractors or assignees shall demolish or remediate, in CITY's discretion, the Structures located on the Premises. CITY also agrees to provide landscaping maintenance on the Premises.

ARTICLE 4 ENTITLEMENTS

- 4.1 ENTITLEMENTS IN GENERAL.** CITY shall, at no cost to the County, obtain all necessary local land use entitlements, building permits, and other City, County, State or Federal permits legally required for its use of the Premises under this Agreement. This Agreement is not a waiver of any requirement, fee, or procedure required to obtain any such entitlement or permits. City intends to develop the Premises in three (3) or more phases, as depicted on Exhibit "C," attached hereto and made a part hereof by this reference. Phase One shall consist of the ground floor of Building 1770 and new housing along the western boundary of the Premises. This Agreement will, unless otherwise extended, be automatically terminated without liability to COUNTY if CITY fails to obtain each entitlement, permit or approval required for the installation of its improvements for Phase One within three (3) years of the Commencement Date. Such automatic termination shall also include CITY'S obligation to sell Building 1770 back to COUNTY for \$10.00. COUNTY shall cooperate with and assist CITY in every reasonable way in CITY's efforts to obtain all governmental consents, entitlements, approvals, permits or variances which may be required for construction, development and use of the Premises, including COUNTY's joinder in any application for any such consent, entitlement, approval, permit or variance where joinder therein by the owner of the Property is required by law.

CITY and COUNTY each recognize that in order to provide for the orderly development of the Project and the overall management and operation of the improvements, it may be necessary, desirable or required that street, water, sewer, drainage, gas, power line, and other easements and dedications, and similar rights be granted or dedicated over or within portions of the Property. COUNTY agrees that it will, upon request of CITY, join with CITY in executing and delivering such documents, from time-to-time, and throughout the term of this Agreement as may be appropriate, necessary or required by governmental agencies and public utility companies for the purpose of granting such easements and dedications. County shall not unreasonably withhold its consent to such easements, dedications and similar rights necessary to the Project. All costs and expenses incurred by COUNTY in connection therewith shall be reimbursed to COUNTY by CITY promptly upon written demand therefor by COUNTY.

ARTICLE 5 USE OF LEASED PREMISES

- 5.1 USE OF LEASED PREMISES.** The CITY shall only use the Leased Premises for the construction, operation, and maintenance of the Mather Veteran's Village residential housing project and supportive services ("Project"). Phase One of the Project includes approximately 45,000 square feet of building or buildings, Phase Two includes approximately 42,000 Square feet of buildings with Phase Three still evolving (collectively, "CITY Facilities") and is limited to the scope of work contained within CITY's plans as more particularly described in Exhibit "D". If CITY ceases to use the Premises for the Project for a period of two years or more, prior to issuance of a Notice of Completion for Phase One, COUNTY reserves the right to terminate this Lease pursuant to Article 11, below. In connection with CITY's construction

and use of the CITY Facilities, CITY has the right to do all work necessary to construct, develop, operate and maintain the Premises for CITY its permitted use. All of CITY's construction work shall be performed at CITY's sole cost and expense and in a good and workmanlike manner subject to COUNTY'S approval which shall not be unreasonably withheld, conditioned or delayed. CITY shall make no other use of the Leased Premises without the prior written approval of COUNTY.

- 5.2 TESTS AND CONSTRUCTION.** CITY and CITY's contractors and subcontractors have the right at any time following full execution of this Agreement to enter upon the Premises for the purpose of making necessary engineering surveys, inspections, other reasonably necessary tests, and for the purpose of constructing the CITY Facilities; provided, however, all such tests and construction shall be at CITY's sole cost and expense. Any such testing shall be done with prior coordination of the appropriate COUNTY representative. At its own expense, CITY shall restore to its prior condition any disturbance to the Premises resulting from any of the above-described tests.
- 5.3 REGULATORY COMPLIANCE.** CITY shall use the Premises strictly in accordance with the terms of this Agreement. At all times, CITY's use of the Premises shall be lawful and in compliance with all applicable governmental requirements and regulations. Throughout the Term of this Agreement, CITY shall provide COUNTY with a current copy of all permits and licenses authorizing CITY to operate the City Facilities at the Premises.
- 5.4 ACCESS.** CITY shall access the Premises using the public roadway serving the Property.

ARTICLE 6 NET LEASE

- 6.1 NET LEASE.** This lease shall be without cost to COUNTY for any utilities, service payments, maintenance or improvement of the Leased Premises. CITY shall be responsible at CITY's sole cost and expense for payment of all charges for electric power, water, storm water, sewer, garbage, waste removal, and any other charges in connection with the use of said Premises. Where feasible, CITY shall install or cause to be installed separate sub-meters for such utilities and charges thereto including separate billing.

ARTICLE 7 CONSTRUCTION AND MAINTENANCE

7.1 CONSTRUCTION OF CITY'S FACILITIES

- A. Location and Plans.** The location of the CITY Facilities to be constructed by CITY pursuant to this Agreement shall be as described in Exhibit "D", attached hereto and incorporated herein. Construction of the CITY Facilities on the Premises shall be in accordance with detailed plans and specifications which shall be prepared by CITY and shall be subject to COUNTY'S prior written approval before initiating construction and installation, such approval not to be unreasonably withheld, conditioned or delayed.

- B. Repair of Damage to Premises.** Any damage to the Premises caused by CITY during construction of the CITY Facilities shall be promptly repaired by CITY. Damaged areas shall be restored to their previous condition as reasonably determined by COUNTY. CITY shall be responsible for the removal of all garbage and refuse generated by its construction or maintenance activities.
- C. "As-Built" Documents.** CITY shall provide to COUNTY a complete set of "as-built" documents for all work, including the location of all utility installations, of the general contractor and all of its subcontractors as performed during the CITY Facilities construction process. This set of as-built documents shall be provided to the County Economic Development Division in a condition and format reasonably acceptable to COUNTY and shall be submitted prior to CITY's operation of its facilities on the Premises.

ARTICLE 8 UTILITIES

- 8.1 UTILITIES.** Subject to the requirements of the providers or those entitled to provide utility service to the Premises, and the reasonable approval of COUNTY, and at CITY's sole expense, CITY may reasonably improve the utilities upon the Premises to a level consistent with development and operation of the Project. COUNTY agrees to reasonably cooperate with CITY in the granting of licenses and easements to a third party utility company limited strictly to providing utility service to the Premises for CITY's uses as defined by this Agreement. Said license and/or easement shall be in a form reasonably acceptable to COUNTY and for a defined period of time. Any accommodation by COUNTY in so cooperating with CITY shall not be deemed to create, convey, or establish any property right in CITY or any other entity whatsoever concerning the Property, and is a mere license and/or easement for the stated purpose personal to CITY or any third party utility provider. CITY shall be financially responsible for all of its utility service costs and shall establish in its own name a separate account billed directly to CITY for that purpose. If permitted by appropriate utility service, CITY, at its sole expense, shall establish a separate electrical meter on the Premises, and shall pay directly for all of CITY's electrical service on the Premises. CITY shall not sell or re-meter utility services on the Premises to any other entity.

ARTICLE 9 HAZARDOUS SUBSTANCES

- 9.1 REGULATORY COMPLIANCE.** Except for those substances that are typically used in the construction, development, operation, and maintenance of multifamily residential apartment complexes and related facilities, CITY shall not bring to, transport across, or dispose of any hazardous substances on the Premises or Property, except that CITY may transport hazardous substances across the Premises if necessary to remove existing hazardous substances from the Premises. For purposes of this Agreement, the term "hazardous substances" is intended and understood to include petroleum or any petroleum product, asbestos, any substance known by the State of California to cause cancer and/or reproductive toxicity, and/or any substance, chemical

or waste that is identified as hazardous, toxic or dangerous in any applicable federal, state or local law or regulation.

- 9.2 **THIRD PARTY.** Except as set forth in Recital C of this Agreement, COUNTY represents, warrants and agrees: (i) that neither COUNTY nor, to COUNTY's knowledge, any third party has used, generated, stored or disposed of, or permitted the use, generation, storage or disposal of, any hazardous substances on, under, about or within the Premises or Property in violation of any law or regulation; and (ii) that COUNTY will not, and will not permit any third party to use, generate, store or dispose of any hazardous substances on, under, about or within the Premises or Property in violation of any law or regulation. The term "to the best of COUNTY's knowledge" does not mean that COUNTY has conducted an investigation into matters outside of the immediate custody or control of the COUNTY.

ARTICLE 10 INSURANCE & INDEMNIFICATION

10.1 INSURANCE REQUIREMENTS.

- A. CITY agrees that it shall, during the full term of this Agreement, and at its own expense, keep its owned buildings, contents, structural and non-structural improvements and personal property located on the leased Premises fully insured against loss or damage by fire or other casualty, commonly covered by standard fire and all risk coverage insurance including flood coverage. Valuation shall be on a replacement cost basis. CITY does hereby release and waive on behalf of itself and its insurer by subrogation or otherwise, all claims against COUNTY on account of any fire or other casualty whether or not such fire or other casualty shall have resulted in whole or in part from the negligence of COUNTY.
- B. CITY or its contractors shall, at their own cost, procure, maintain, and keep in force at all times during the construction of CITY's Facilities until the completion of the Project as stated in the Common Policy Conditions of the Builders Risk policy, Builder's Risk insurance with limits of liability equal to one hundred percent (100%) of the replacement cost of the CITY's leased Facilities and owned buildings, which shall include the cost of materials and the cost of labor to install materials. Coverage shall be on an all risk basis including flood. The COUNTY and the CITY waive all rights against each other for loss or damage to the extent reimbursed by Builders' Risk insurance or any other property or equipment insurance applicable to the construction of CITY's Facilities, except such rights as they may have to the proceeds of such insurance. If the policies of insurance referred to in this section require an endorsement or consent of the insurance company to provide for continued coverage where there is a waiver of subrogation, the owners of such policies will cause them to be so endorsed to obtain such consent.
- C. CITY shall maintain Commercial General Liability Insurance covering the leased Premises. Liability insurance coverage shall be not less than One Million Dollars (\$1,000,000)

combined single limit per occurrence for injury or property damage. CITY shall name the County of Sacramento, its Board of Supervisors, officers, directors, agents, employees, and volunteers as an additional insured on CITY's liability insurance policy and such policy shall be endorsed to show that CITY's liability insurance policy is primary.

- D. CITY shall maintain Environmental Impact/Pollution Liability coverage at the leased Premises with limits not less than -Two Million Dollars (\$2,000,000) per claim and aggregate covering unknown pollution or contamination. If commercially permissible, CITY's Environmental Impact/Pollution Liability shall name the County of Sacramento, its Board of Supervisors, officers, directors, agents, employees and volunteers as an additional insured with primary coverage.
- E. CITY and its contractors shall maintain Commercial Automobile Liability coverage form CA0001 or as broad as. Commercial Automobile Liability: Auto coverage symbol "1" (any auto) for corporate/business owned vehicles. If symbol 1 is not commercially available, symbols 7, 8, and 9 may be used. If there are no owned or leased vehicles, symbols 8 and 9 for non-owned and hired autos shall apply. Personal Lines automobile insurance shall apply if vehicles are individually owned. Commercial Automobile Liability for Corporate/business owned including non-owned and hired \$2,000,000 Combined Single Limit or \$1,000,000 CSL with \$1,000,000 Commercial Excess (Umbrella). [
- F. CITY and its contractors shall maintain Workers' Compensation; Statutory requirements of the State of California and Employer's Liability Insurance with a limit of \$1,000,000 per accident for bodily injury or disease. CITY, and its contractors shall have the Workers' Compensation policy endorsed to state that the Workers' Compensation carrier waives its rights of subrogation against the COUNTY, its Board of Supervisors, officers, directors, agents, employees, and volunteers which might arise by reason of payment under such policy in connection with performance under this Agreement by the CITY.
- G. CITY, and its contractors shall insure its own mobile, scheduled or contractor's equipment used in the performance of this Agreement.
- H. INLAND MARINE WAIVER OF SUBROGATION: Any Inland Marine Insurance policies maintained by the CITY, or its contractors in the performance of this Agreement shall be endorsed to state that the insurer shall waive all rights of subrogation against the COUNTY, its Board of Supervisors, officers, directors, agents, employees, and volunteers.
- I. MAINTENANCE OF INSURANCE: CITY shall furnish a certificate substantiating the fact that CITY and its contractors have taken out the insurance herein set forth for the period covered by the lease with an insurance carrier(s) with an A.M. Best financial rating of not less than A-: VII (or carrier(s) approved by COUNTY Risk Manager). CITY is required by this Agreement to immediately notify COUNTY if they receive a communication from their insurance carrier or agent that any required insurance is to be canceled, non-renewed, reduced in scope or limits or otherwise materially changed. CITY shall provide evidence that such cancelled or non-renewed or otherwise materially changed insurance has been replaced or its cancellation notice withdrawn without any interruption in coverage, scope or limits. Failure

to maintain required insurance in force shall be considered a material breach of the Agreement.

- J. The certificate of insurance shall be filed with the Internal Services Agency, Real Estate Division, upon mutual execution of this Agreement.
- K. CITY shall provide COUNTY written notice within thirty (30) days of any cancellation, termination, or lapse of any of the insurance coverage. In the event CITY does not have the required certificates of insurance and/or binders evidencing the proper insurance coverage, or the required insurance coverage lapses, this Agreement shall be terminated at the discretion of the COUNTY following thirty (30) days' written notice from COUNTY to CITY and subject to Article 11 hereof.

- 10.2 INDEMNIFICATION.** CITY shall defend, indemnify and hold harmless COUNTY, its Board of Supervisors, officers, directors, agents, employees and volunteers from and against any and all demands, claims, actions, losses, liabilities, damages, and costs, including reasonable attorneys' fees, sustained by any person or to any property in, on or about the leased Premises caused by a wrongful or negligent act or omission of CITY or anyone directly employed by CITY, its officers, directors, members, agents, contractors, sub-contractors, consultants, invitees, guests, or tenants, except and in proportion to the extent caused by the sole negligence or willful misconduct of COUNTY, its officers, directors, employees, agents or volunteers. This indemnification shall survive the termination or expiration of the Agreement with respect to any injuries or damage alleged to have been sustained during the life of the Agreement.

Additionally, CITY agrees to release COUNTY from any assertion of demands, claims, actions, liabilities, losses, damages, or costs, including reasonable attorneys' fees, arising out of, resulting from or relating to the groundwater contamination disclosed in Recital C, above.

ARTICLE 11

TERMINATION AND REMEDIES, MORTGAGEE PROTECTION

- 11.1 EARLY TERMINATION BY COUNTY FOR CAUSE.** COUNTY has the right to terminate this Agreement before the expiration of the Term should CITY default in the performance of any promise, term, condition, or covenant required of it herein, and fails to cure such default within sixty (60) calendar days following written notice thereof from COUNTY, or such longer period of time as is reasonably necessary if such default is of a nature that a cure cannot be completed within sixty (60) days, so long as CITY has commenced to cure such default within the initial sixty (60) day period and is diligently prosecuting such cure to completion. Said termination shall be effective upon receipt of COUNTY's written notice of early termination for cause by CITY, subject to Section 11.4 below. COUNTY shall not be responsible for any cost to or expense of CITY resulting from said early termination for cause.

11.2 EARLY TERMINATION BY CITY.

- A. Subject to Section 11.4 below, CITY shall have the option to terminate this Agreement, which termination shall not be effective until after the second (2nd) year of the Term, by giving written notice of that intention and identifying the early termination date to COUNTY at least sixty (60) days prior thereto. Such early termination by CITY shall not constitute a breach of this Agreement.
- B. Subject to Section 11.4 below, CITY has the right to terminate this Agreement before the expiration of the Term in the event of any material default by COUNTY in the performance of any promise, term, condition, or covenant required of it herein, and fails to cure such default within sixty (60) calendar days following notice thereof from CITY. Said termination shall be effective upon receipt of CITY's written notice of early termination for cause by COUNTY. CITY shall not be responsible for any cost to or expense of COUNTY resulting from said early termination for cause.

11.3 COUNTY'S REMEDIES.

- A. The remedies set forth in this section shall be in addition to all other remedies that COUNTY may have in the event of breach of this Agreement by CITY, and, subject to Section 11.4 below, nothing herein contained shall be construed to limit COUNTY's right to pursue the same, whether in law or in equity.
- B. In the event that CITY breaches this Agreement and abandons the property before the end of the Term hereof, or if CITY's right to possession is terminated by COUNTY because of a breach of this Agreement, this Agreement terminates. Upon such termination, the COUNTY may recover from CITY:

Any amount necessary to compensate COUNTY for all the detriment proximately caused by CITY's failure to perform its obligations under this Agreement, or which in the ordinary course of things would be likely to result therefrom.

- C. Efforts by COUNTY to mitigate the damages caused by CITY's breach of this Agreement do not waive COUNTY's right to recover damages pursuant to Section 1951.2 and this section.
- D. Nothing in this section affects the right of COUNTY under this Agreement to indemnification for liability arising prior to the termination of this Agreement for personal injuries or property damage, as herein provided.
- E. Notwithstanding the foregoing, in the event of CITY's breach of this Agreement and abandonment of the Premises, pursuant to Section 1951.4 of the California Civil Code, COUNTY may, at its sole option, elect to continue this Agreement and enforce all its rights and remedies hereunder against CITY.

11.4 MORTGAGEE PROTECTION PROVISIONS

A. Leasehold Mortgage Authorized. CITY may mortgage or otherwise encumber CITY's leasehold estate to an institutional investor (as hereinafter defined) under one or more leasehold mortgage(s) and assign this Agreement as security for such mortgage(s). Any mortgage(s) shall affect only CITY's leasehold estate and shall be subject to all of the terms and provisions of this Lease. COUNTY's fee interest shall not be encumbered or subordinated to any mortgage.

B. Notice to COUNTY. If CITY mortgages CITY's leasehold estate to an Institutional Investor, and if the holder of such leasehold mortgage provides COUNTY with notice of such leasehold mortgage, together with a true copy of such leasehold mortgage, the note and all other documents relating to such leasehold mortgage, and the name and address of the mortgagee, COUNTY and CITY agree that, following receipt of such notice by COUNTY, the provisions of this Section 11.4 will apply with respect to such leasehold mortgage. In the event of any assignment of a leasehold mortgage or in the event of a change of address of a leasehold mortgagee or of an assignee of such mortgage, notice of the new name and address must be provided to COUNTY. CITY must thereafter also provide COUNTY from time to time with a copy of each amendment or other modification or supplement to such instruments. All recorded documents must be certified as true and correct copies of official records by the Sacramento County Recorder and all nonrecorded documents must be accompanied by a certification by CITY or the mortgagee that such documents are true and correct copies of the originals.

C. Definitions. As used in this Section 11.4:

1. The term "Institutional Investor" means a savings bank, savings and loan association, commercial bank, trust company, credit union, insurance or pension fund, not-for-profit corporation, or governmental entity or agency. The term "institutional investor" shall also include other lenders of substance which perform functions similar to any of the foregoing, and which have assets in excess of Fifty Million Dollars (\$50,000,000) at the time the leasehold mortgage loan is made.

2. The term "Leasehold Mortgage" means a mortgage, deed of trust or other security instrument by which CITY's leasehold estate is mortgaged, conveyed, assigned or otherwise transferred to secure a debt or other obligation.

3. The term "Leasehold Mortgagee" or "Mortgagee" means a holder of a leasehold mortgage with respect to which the notice provided for by Section 14.02 has been given and received and as to which the provisions of this Section 11.4 are applicable.

D. Consent of Leasehold Mortgagee Required. Notwithstanding anything to the contrary contained in this Agreement, no cancellation, surrender, amendment, modification or termination (other than a termination due to a breach or default) of this Agreement shall be effective as to any Leasehold Mortgagee unless consented to in writing by such Leasehold Mortgagee.

E. Default Notice. COUNTY, upon providing CITY any notice of default under this Agreement, shall at the same time provide a copy of such notice to the Leasehold Mortgagee and to

CITY's investor limited partner, if CITY's investor limited partner has requested a copy of such notices and has provided COUNTY with an address for service thereof. Notice by COUNTY to CITY shall be deemed to have been duly given even in the absence of notice to the Mortgagee and investor limited partner; provided, however, that the time periods with respect to such Mortgagee and investor limited partner shall not commence until notice is given to such Mortgagee and investor limited partner. From and after such notice has been given to the Leasehold Mortgagee and investor limited partner, such Leasehold Mortgagee or investor limited partner shall have the same period, after the giving of such notice upon it, for remedying any default (or acts or omissions which are the subject matter of such notice) or causing the same to be remedied, as is given CITY after the giving of such notice to CITY, plus in each instance, the additional periods of time specified in Sections 11.4.F and 11.4.G to remedy, commence remedying or cause to be remedied the defaults (or acts or omissions which are the subject matter of such notice) specified in any such notice. COUNTY shall accept such performance by or at the instigation of such Leasehold Mortgagee or investor limited partner as if the same had been done by CITY. CITY authorizes the Leasehold Mortgagee or investor limited partner to take any such action at such Leasehold Mortgagee's or investor limited partner's option and does hereby authorize entry upon the Property and the Premises by the leasehold mortgagee or investor limited partner for such purpose.

F. Notice to Leasehold Mortgagee. If any default occurs which entitles COUNTY to terminate this Agreement, COUNTY may not terminate this Agreement unless, following the expiration of the period of time given CITY to cure such default (or the act or omission which gave rise to such default), COUNTY shall notify the Leasehold Mortgagee of COUNTY's intent to so terminate at least sixty (60) days in advance of the proposed effective date of such termination if such default is capable of being cured by the payment of money, and at least one hundred twenty (120) days in advance of the proposed effective date of such termination if such default is not capable of being cured by the payment of money. The provisions of Section 11.4.G below shall apply if, during such 60-day or 120-day termination notice period, the Leasehold Mortgagee shall:

1. Notify COUNTY of such leasehold Mortgagee's desire to nullify such notice;
and
2. Pay or cause to be paid all rent, additional rent and other payments then due and in arrears as specified in the termination notice to such Leasehold Mortgagee and which may become due during such 60-day or 120-day period; and
3. Comply, or in good faith, with diligence and continuity, commence to comply, with all nonmonetary requirements of this Agreement then in default and reasonably susceptible of being complied with by such leasehold mortgagee; provided, however, that in the event such Leasehold Mortgagee shall commence foreclosure proceedings within such 120-day period, such Leasehold Mortgagee shall not be required during such 120-day period to cure or commence to cure any default consisting of CITY's failure to satisfy and discharge any lien, charge or encumbrance against the CITY's interest in this Agreement or the Premises junior in priority to the lien of the mortgage held by such Leasehold Mortgagee.

G. Any notice to be given by COUNTY to a Leasehold Mortgagee pursuant to any provision of this Section 11.4 shall be deemed properly addressed if sent to the Leasehold Mortgagee

who served the notice referred to in Section 11.4.B at the address stated in such notice unless notice of a change of Mortgage ownership has been given to COUNTY pursuant to Section 11.4.B.

H. Mortgagee to Foreclose. If COUNTY shall elect to terminate this Agreement by reason of any default of CITY and the Leasehold Mortgagee shall have proceeded in the manner provided for by Section 11.4.F, the specified date for the termination of this Agreement, as fixed by COUNTY in its termination notice, shall be extended for a period of six (6) months, provided that such Leasehold Mortgagee shall, during such 6-month period:

1. Pay, or cause to be paid, any rent and any other monetary obligations of CITY under this Agreement as the same become due, and continue its good faith efforts to perform all of CITY's other obligations under this Agreement; and

2. If not enjoined or stayed, take steps to acquire or sell CITY's interest in this Agreement by foreclosure of the Leasehold Mortgage or other appropriate means and prosecute the same to completion with due diligence.

3. If at the end of such 6-month period such Leasehold Mortgagee is diligently complying with this Section 11.4.H, this Agreement shall not then terminate, and the time for completion by such Leasehold Mortgagee of its proceedings shall continue so long as such Leasehold Mortgagee is enjoined or stayed and thereafter for so long as such Leasehold Mortgagee proceeds to complete steps to acquire or sell CITY's interest in this Agreement by foreclosure of the Leasehold Mortgage, assignment in lieu of foreclosure or by other appropriate means with reasonable diligence and continuity. Nothing in this Section 11.4.H, however, shall be construed to extend this Agreement beyond the original term hereof, nor to require a Leasehold Mortgagee to continue such foreclosure proceedings after the default has been cured. If the default shall be cured and the Leasehold Mortgagee shall discontinue foreclosure proceedings, this Agreement shall remain in full force and effect as if CITY had not defaulted under this Agreement.

I. Purchase and Sale. If the Leasehold Mortgagee is complying with Section 11.4.H, upon the acquisition of CITY's estate herein by such Leasehold Mortgagee or its designee or any other purchaser at a foreclosure sale, assignment in lieu of foreclosure or otherwise, this Agreement shall continue in full force and effect as if CITY had not defaulted under this Agreement, and COUNTY shall recognize such Leasehold Mortgagee as the CITY under this Agreement, subject to the obligation of the Leasehold Mortgagee to comply with this Agreement and cure any defaults which are reasonably susceptible of cure by the Leasehold Mortgagee (except as otherwise provided in the Agreement or in Section 11.4.J below). The purchaser at any sale of this Agreement and of the leasehold estate hereby created in any proceedings for the foreclosure of any Leasehold Mortgage, including such Mortgagee, or the transferee under any instrument of assignment or transfer in lieu of the foreclosure of the Leasehold Mortgage shall be deemed to have agreed to perform all of the terms, covenants and conditions on the part of the CITY to be performed hereunder from and after the date of such purchase and assignment.

J. Purchaser's/Assignee's Right to Sell. The purchaser or assignee of CITY's leasehold estate pursuant to foreclosure, assignment in lieu of foreclosure or other proceedings, upon acquiring CITY's leasehold estate, may sell and assign the leasehold estate on such terms and to such persons

and organizations as are acceptable to such purchaser or assignee without the consent or approval of COUNTY. Upon such sale or assignment, the transferor shall thereafter be relieved of all obligations under this Agreement if such assignee has delivered to COUNTY its written agreement to be bound by all of the provisions of this Agreement.

K. New Lease. For as long as there is any leasehold mortgage outstanding, in the event this Agreement is terminated for any reason, including, without limitation, a termination or rejection through any bankruptcy proceeding or the Leasehold Mortgagee or the purchaser or assignee of CITY's leasehold estate pursuant to foreclosure, assignment in lieu of foreclosure or other proceedings becomes the legal owner of CITY's estate herein, and upon written request by such party given within sixty (60) days after such termination or acquisition of CITY's estate herein, as applicable, COUNTY shall enter into a new lease of the Premises with the Leasehold Mortgagee, purchaser or assignee for the remainder of the term of this Agreement with the same agreements, covenants, reversionary interests and conditions (except for any requirements which have been fulfilled by CITY prior to termination) as are contained in this Agreement and with priority equal to this Agreement; provided, however, that Leasehold Mortgagee, purchaser or assignee, as applicable, shall promptly commence, and diligently pursue, to cure any defaults by the CITY that are reasonably susceptible to cure by the Leasehold Mortgagee, purchaser or assignee. After such termination and cancellation of this Agreement and prior to the expiration of the period within which the Leasehold Mortgagee, purchaser or assignee may elect to obtain a new lease from COUNTY, COUNTY shall refrain from terminating any existing sublease or otherwise encumbering the Property without the prior written consent of the Leasehold Mortgagee, purchaser or assignee. Any new lease granted to the Leasehold Mortgagee, purchaser or assignee shall be in the form substantially similar to this Agreement and shall enjoy the same priority in time and in right as this Agreement over any lien, encumbrance or other interest created by the COUNTY before or after the date of such new lease and shall vest in the Leasehold Mortgagee, purchaser or assignee all right, title, interest, power and privileges of CITY hereunder in and to the Premises, including, without limitation, the assignment of CITY's interest in and to all then existing subleases and sublease rentals and the automatic vesting of title to all Improvements, fixtures and personal property of CITY in the Leasehold Mortgagee, purchaser or assignee. Such new lease shall provide, with respect to each and every permitted sublease which immediately prior to the termination of this Agreement was superior to the lien of the Leasehold Mortgage, that the Leasehold Mortgagee, purchaser or assignee shall be deemed to have recognized the sublessee under the sublease, pursuant to the terms of the sublease as though the sublease had never terminated but had continued in full force and effect after the termination of this Agreement, and to have assumed all the obligations of the sublessor under the sublease accruing from and after the termination of this Lease, except that the obligation of the new lessee, as sublessor, under any covenant of quiet enjoyment, expressed or implied, contained in any such sublease shall be limited to the acts of such new lessee and those claiming by, under or through such new lessee.

If more than one entity claims to be the lender that is entitled to a new lease pursuant to this Article, COUNTY shall enter into such new lease with the Leasehold Mortgagee whose Leasehold Mortgage is prior in time. COUNTY without liability to CITY or any Leasehold Mortgagee with an adverse claim, may rely upon a lender title insurance policy issued by a responsible title insurance company doing business in the state where the Premises is located as the basis for determining the appropriate Leasehold Mortgagee who is entitled to such new lease and the Leasehold Mortgagee which executes

the new lease shall indemnify and hold COUNTY harmless against any claims by CITY or any other Leasehold Mortgagee with respect to such determination.

L. No Merger. No merger of CITY's interest in the Premises into COUNTY's interest in the Premises shall result or be deemed to result by reason of ownership of CITY's interest and COUNTY's interest by the same party or by reason of any other circumstances, without the prior written consent of any Leasehold Mortgagees.

ARTICLE 12 OTHER REQUIREMENTS

12.1 ENVIRONMENTAL FINES AND PENALTIES. Notwithstanding the foregoing, CITY shall assume responsibility for and payment of any fines or penalties levied on either the COUNTY or CITY by any applicable local, state or federal authority (hereinafter "Authority") for breaches by CITY of the Authority's environmental regulations. CITY, or City's contractors or assignees, agree to be solely liable for the payment of all fines and penalties resulting from CITY's breach of Authority's environmental regulations, except and in proportion to the extent caused by the negligence or willful misconduct of COUNTY.

In addition, CITY understands and acknowledges that, during the course of the activities allowed by the Agreement, the environmental regulations implemented or imposed by the Authority on the COUNTY and CITY may change and CITY specifically agrees to comply with any future applicable environmental regulations implemented or imposed by the Authority on the COUNTY or CITY to the extent required by law.

The provisions of this Paragraph shall survive the expiration or termination of this Agreement with respect to any breach of an Authority's environmental regulation(s) that occurs during the term of this Agreement.

12.2 COMPLIANCE WITH LAWS. In the prosecution of the work covered by this Agreement, CITY shall comply with all applicable federal, state and local laws, regulations and enactments affecting the work. In addition, CITY shall comply with all applicable local, state and federal occupational safety and health acts and regulations. If any failure by CITY to comply with any such laws, regulations, and enactments, shall result in any fine, penalty, cost or charge being assessed, imposed or charged against COUNTY, CITY, or City's contractors shall reimburse and indemnify COUNTY for any such fine, penalty, cost or charge, including without limitation attorney's fees, court costs and expenses (excepting environmental fines and penalties which shall be handled in accordance with Paragraph 12.1 above). CITY further agrees in the event of any such action, upon notice thereof being provided by COUNTY, to defend such action free of cost, charge or expense to COUNTY. The provisions of this Paragraph shall survive the expiration or termination of this Agreement.

- a. Stormwater Quality – Prior to commencement of construction of the Project, COUNTY Stormwater Quality staff shall certify the Stormwater Pollution Prevention Plan (SWPPP) which must meet all requirements of the Sacramento County Storm Water Ordinance (Sacramento County Code Section 15.12). The SWPPP must

include all of the components required by the Construction General Permit as well as temporary construction BMPs (Best Management Practices) at the Premises. The County of Sacramento Department of Water Resources (DWR) reserves the right to approve and/or revise the permanent stabilization proposed in the SWPPP. Prior to commencing construction, the certified SWPPP shall be submitted to the California Regional Water Quality Control Board (RWQCB) by the CITY.

City staff with possible third party assistance will monitor construction of the Project for continued compliance with the Sacramento County Storm Water Ordinance. Should CITY, CITY's contractors, agents or assignees receive notice from the COUNTY and/or the RWQCB that a violation has occurred or is imminent, all work other than corrective action related thereto shall be immediately suspended until the corrective action is deemed satisfactory by the COUNTY and/or the RWQCB. Time is of the essence. Failure to comply may result in an immediate suspension of this Agreement until the Project is deemed by the COUNTY and/or the RWQCB to be in compliance. For purposes of this paragraph, the Parties intend that the word "CITY" shall include Rancho Cordova's contractors, agents, or assignees, to the extent that such responsibilities can be and are assigned.

The County Department of Water Resources Stormwater Quality Program Manager, (827 7th Street, Room 301, Sacramento, CA 95814; Phone (916) 874-7156) will be contacted concerning any questions related to this Paragraph.

- 12.3 ENDANGERED SPECIES.** CITY shall at all times and in all respects comply with all environmental laws and any amendments thereto affecting CITY's use of and operation on the Premises, including all federal, state and local laws, ordinances and regulations relating to endangered, threatened and other sensitive species. Without limiting the generality of the foregoing, reference is made to the provisions set forth in the California Endangered Species Act (California Fish and Game Code Section 2050, et seq.); the Federal Endangered Species Act (16 U.S.C. Sections 1531 – 1543); and the Federal Migratory Bird Treaty Act (16 U.S.C. Sections 703-712).

CITY shall, at all times, engage in appropriate avoidance and minimization measures to prevent the unlawful take, possession or destruction of any protected species. This includes birds-of-prey, and the take, possession or destruction of the eggs and nests of any such bird. Furthermore, elderberry shrubs or trees are known to exist in the Premises general vicinity. Elderberry shrubs are host plants for the Valley Elderberry Longhorn Beetle (VELB), listed as Threatened under the federal Endangered Species Act. Therefore, no elderberry shrub or tree shall be disturbed without an appropriate permit from the United States Fish and Wildlife Service. COUNTY shall notify CITY of all known areas where elderberry shrubs may be located on the Premises as of the Commencement Date.

- 12.4 CULTURAL RESOURCES.** Should any cultural resources, such as structural features, unusual amounts of bone or shell, artifacts, human remains, or architectural remains be encountered during any of CITY's activities, then work shall be immediately suspended and the Department of Environmental Review and Assessment (hereinafter "DERA") shall be

immediately notified at (916) 874-7914. At that time, DERA will coordinate any necessary investigation with the appropriate specialists as needed. CITY shall be required to implement any mitigation deemed necessary for the protection of the cultural resources. In addition, pursuant to Section 5097.97 of the State Public Resources Code and Section 7050.5 of the State Health and Safety Code, in the event of the discovery of human remains, all work is to stop and the County Coroner shall be immediately notified. If the remains are determined to be Native American, guidelines of the Native American Heritage Commission shall be adhered to in the treatment and disposition of the remains.

ARTICLE 13 GENERAL

13.1 WRITTEN COMMUNICATIONS AND NOTICE

Any notice, demand, request, consent, approval, or communication that either party desires or is required to give to the other party pursuant to this Agreement shall be in writing and either served personally or sent by prepaid, first class, certified mail. Such matters shall be addressed to the other party at the following address:

To LESSOR at:

County of Sacramento
Economic Development Division
Administrator
Attn: Director
700 H Street, Suite 6750
Sacramento, CA 95814
Phone: (916) 874-5220

To CITY at:

City of Rancho Cordova
Attn: Housing Services

2729 Prospect Park Drive
Rancho Cordova, CA 95670
Phone: (916) 851-8784
Fax: (916) 851-8784

With a copy to:

County of Sacramento
Real Estate Division
Asset Management Section
3711 Branch Center Road
Sacramento, CA 95827
Phone: (916) 876-6200

or such other address as a party may designate to the other by notice. Such notice shall be deemed effective five (5) days after transmittal as herein provided.

13.2 TAXES, POSSESSORY INTEREST, AND SPECIAL TAXATION.

- A. CITY, shall pay any and all taxes, assessments, and other charges of whatsoever character that may be levied or charged upon CITY's interest, as herein may be created; improvements; operations; or right to use of the Premises. CITY shall not be responsible to pay any part of any tax assessment or increase in assessment, or other charges of whatsoever character that

are levied as a result of COUNTY's improvements, operations, or interest in the property described as APN 067-0010-041.

- B. Under this lease a possessory interest subject to property taxation and special taxation may be created. Pursuant to California Revenue and Taxation Code Section 107.6, and Chapter 2.5 (commencing with Section 53311), Part 1, Division 2, Title 5, of the Government Code, notice is hereby given that such property interest may be subject to property taxation and special taxation if created, and that the party in whom the possessory interest is vested may be subject to the payment of property or special taxes levied on such interest.
- C. **CITY's Right to Contest Taxes:**
- (1) CITY shall have the right to contest in its own name, or, to the extent reasonably necessary, in COUNTY's name, in good faith and by all appropriate proceedings, the amount, applicability, or validity of any tax assessment pertaining to the Premises and CITY's operations thereon.
 - (2) In the event CITY initiates such contest, COUNTY shall reasonably cooperate with CITY, provided that such contest will not subject any part of the Premises to forfeiture or loss; and provided, further, that if CITY contests any assessment made by the Assessor of COUNTY, such contest shall not be initiated in the name of COUNTY, and COUNTY shall not be obligated to cooperate therewith.
 - (3) If at any time payment of any tax or assessment becomes necessary to prevent any forfeiture or loss, CITY shall timely pay such tax or assessment to prevent such forfeiture or loss.
- 13.3 **AS-IS LEASE.** CITY acknowledges that, except as expressly contained in this Agreement neither COUNTY nor anyone acting for or on behalf of the COUNTY has made any representation, warranty or promise to CITY concerning the physical aspects or condition of the Premises; the feasibility or desirability of the Premises for any particular use; the presence of any other physical aspect of the Premises; and that in entering into the Agreement, CITY has not relied on any representation, statement or warranty of COUNTY or anyone acting for or on behalf of COUNTY, other than as may be expressly contained in this Agreement, and that all matters concerning the Premises shall be independently verified by CITY and that CITY shall lease the Premises on CITY's own examination thereof; and that if CITY elects to lease the Premises, CITY is leasing the Premises in its "as is" condition and its "as is" state of repair as of the Commencement Date.
- 13.4 **RISK OF HAZARDS.** CITY shall not do anything on the Premises, nor bring or keep anything thereon which will in any way increase the risk of fire or the rate of insurance, or which shall conflict with the regulations of any fire district having jurisdiction other than activities and materials, etc., which are ordinarily conducted or kept to construct, operate and maintain, multifamily residential apartment complexes and related facilities.
- 13.5 **NOTICE OF CLAIMS AND SUIT.** COUNTY and CITY shall each give the other prompt and timely written notice of any personal injury or other accident claim for in excess of TEN

THOUSAND AND NO/100ths DOLLARS (\$10,000.00), and of any lawsuit coming to its knowledge when either such claim or lawsuit arises out of or is in any way connected with the Leased Premises or the operations of CITY hereunder, other than an action for eviction or collection by or against a residential tenant, which in any way, directly, indirectly, contingently or otherwise, might reasonably affect the parties' relationship under this Agreement. Such notice shall be deemed prompt and timely if given within thirty (30) calendar days following the date of receipt of such claim by an officer, agent, or employee of either party, and if given within ten (10) calendar days following the date of service of process upon either party with respect to any such lawsuit.

13.6 NO LIENS. Subject to CITY's right to contest the same, CITY shall maintain the Leased Premises free and clear from any and all liens, claims, and demands for work performed, materials furnished, or operations conducted on or at the Leased Premises, except as otherwise expressly provided in this Agreement.

13.7 NUISANCE PROHIBITED. CITY shall at all times conduct its use of the Premises in such a manner that it shall not constitute a public or private nuisance.

13.8 COUNTY RESERVED RIGHTS.

A. Entry.

- (1) COUNTY reserves the right, without liability to CITY, to enter the Premises for purposes of inspection, surveying and any use not substantially interfering with CITY's use; provided that COUNTY first provides CITY with twenty-four (24) hour notice of COUNTY's intent to enter the Premises, emergencies excepted.
- (2) COUNTY, its officers, agents, and employees shall have the right, without limitation, throughout the term of this Agreement to enter upon the Premises for any lawful purpose, including the purpose of determining whether CITY is complying with its obligations hereunder. Such entry by COUNTY shall not be deemed to excuse CITY's performance of any promise, term, condition, or covenant required of it by this Agreement, and shall not be deemed to constitute waiver thereof by COUNTY.

B. COUNTY's Right to Sell. COUNTY shall have the right to sell its fee estate in the Property and assign its interest in this Agreement without limitation, provided, however, that any such sale and any such transferee, successor-in-interest or assignee shall be subject to this Agreement. Upon any such conveyance, COUNTY shall automatically be relieved of any obligations under this Agreement other than those obligations which accrued prior to the date of such conveyance. COUNTY shall also have the right to mortgage, hypothecate or otherwise pledge its interest in the Property, provided that CITY shall under no circumstances be required or permitted to enter into a subordination of its leasehold interest to any holder of any such mortgage or deed of trust.

- 13.9 REMOVAL OF PERSONAL PROPERTY UPON TERMINATION OR EXPIRATION.** Upon COUNTY's request, CITY shall, within ninety (90) days of termination or expiration of this Agreement, remove the CITY personal property from the Premises, and shall restore the Premises to its original condition, reasonable wear and tear excepted. Such removal and repair shall be performed by CITY at its sole cost and expense. In the event that the Premises or any portion thereof are damaged by CITY, such damage shall be repaired immediately by CITY at its sole cost and expense. CITY shall be afforded reasonable access to the Premises to complete these tasks.
- 13.10 OWNERSHIP OF LEASEHOLD IMPROVEMENTS.** All improvements or alterations to the Premises made by CITY shall, upon expiration or sooner termination of this Agreement, vest in COUNTY without payment of any further consideration to CITY.
- 13.11 ABANDONED PROPERTY.** Any CITY personal property not removed within ninety (90) days of termination or expiration of this Agreement shall be deemed abandoned property and shall thereupon become the property of COUNTY to be used or disposed of by COUNTY without compensation to CITY. If COUNTY disposes of property abandoned by CITY within one hundred twenty (120) days after being abandoned by CITY, CITY shall compensate COUNTY for the actual costs incurred in disposing of any such abandoned property to the extent disposal costs exceed the amount realized through their disposal, provided such compensation shall not exceed \$300,000.
- 13.12 COUNTY'S RIGHT TO LEASE.** COUNTY warrants COUNTY is well seized of and has good right to lease the Premises, will defend the title thereto, and will indemnify CITY against any damage and expense which CITY may suffer by reason of any lien, encumbrance, restriction or defect in the title to or description herein of the Premises.
- 13.13 EXECUTION OF AGREEMENT.** Submission of this document by COUNTY for review, examination or execution by CITY does not constitute a reservation of an option to lease the Premises or any other property within the County of Sacramento, and this document shall not be effective as a lease agreement, or otherwise, unless and until approved by the Board of Supervisors of the COUNTY or executed by the officer authorized by said Board.
- 13.14 AUTHORITY OF SIGNATORS.** Each party to this Agreement warrants to the other that it is duly organized and existing and each signatory hereto represents to the other party that it has full right and authority to enter into and consummate this Agreement and all related documents.
- 13.15 SUCCESSORS IN INTEREST.** This Agreement shall be binding upon and inure to the benefit of the successors-in-interest of the parties hereto.
- 13.16 ASSIGNMENT AND SUBLETTING.** CITY may sublet, assign or otherwise grant its obligations and liabilities arising under this Lease. CITY shall have the right to sublet its lease, or any of its rights under this Agreement, in whole or in part, and have the right to assign this lease, in whole or in part, to the Veteran's Administration, Mather Veteran's Hospital or to Mercy Housing or any affiliate thereof, and COUNTY hereby consents to such

assignment, without the necessity of any further action on COUNTY's part. Assignment by CITY to any other entity will require the prior written consent of the COUNTY. Subletting specifically includes, without limitation, the subleasing, licensing, or granting of other rights to use all or any portion of the Premises. Notwithstanding the foregoing, COUNTY's consent shall not be required in connection with an assignment to [Mercy Entity], or an affiliate thereof, or an assignment of, or a change in, any limited partner interests in CITY or the removal and replacement of the general partner of CITY by the limited partner in accordance with the terms of CITY's partnership agreement. If City assigns its interest to Mercy Housing, or an affiliate thereof, COUNTY, upon providing CITY any notice required under this Agreement, shall at the same time provide a copy of such notice to Mercy Housing, or its affiliate.

- 13.17 NATURE OF TENANCY.** CITY is not eligible for relocation payment or assistance as a consequence of this tenancy. No relocation payment or assistance will be made to CITY by COUNTY upon termination of tenancy.
- 13.18 TITLE TO THE PREMISES.** Fee title to the Premises is and shall remain vested in COUNTY. Nothing contained in this Agreement and no action or inaction by COUNTY shall be deemed or construed that COUNTY has granted to CITY any right, power or permission to do any act or to make any agreement which may create, give rise to, or be the foundation for, any right, title, interest, lien, charge or other encumbrance upon the estate of COUNTY in the Premises.
- 13.19 ESTOPPEL.** Upon COUNTY's written request, CITY shall deliver to COUNTY a written statement containing the following information, current as of the date of the statement: (A) The status of the Agreement. (B) An explanation of any default claims CITY may have against COUNTY. (C) The term of the Agreement. (D) The monthly Rent and Additional Fee payable. CITY shall deliver such statement to COUNTY or to any prospective purchaser upon COUNTY's request. Any such statement by CITY may be given to any prospective purchaser or encumbrancer of the Property. Upon CITY's written request, COUNTY agrees to deliver within fifteen (15) days, a statement in recordable form addressed to any proposed transferee, mortgagee, or investor limited partner, certifying that this Agreement is unmodified and is in full force and effect (if such be the case), certifying the commencement and termination dates of the lease term, certifying that there are no claims against CITY under this Agreement (or stating those claimed by COUNTY) and containing such other information as may reasonably be requested by the party to whom such certificate is addressed. In the event COUNTY fails to deliver such certificate to CITY within the 15-day period provided above, it shall be deemed that this Agreement is in full force and effect and that COUNTY has no claims against CITY under this Agreement.
- 13.20 INDEPENDENT CONTRACTOR.** CITY is not an employee or agent of COUNTY by reason of this lease, or otherwise. CITY is an independent contractor, and as between COUNTY and CITY, CITY shall be solely responsible for its acts and omissions arising from or relating to its operations or activities.

- 13.21 PARTIAL INVALIDITY.** If any term or provision of this Agreement or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, or is found to be prohibited by law, the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable or prohibited, shall not be affected thereby, and each such term and provision of this Agreement shall be valid and be enforced to the fullest extent permitted by law.
- 13.22 SUPERSEDES.** This Agreement supersedes and cancels any and all oral negotiations or previously executed agreements between the parties hereto pertaining to the herein described Premises.
- 13.23 AMENDMENT AND WAIVERS.** This Agreement constitutes the entire understanding of the parties thereto and shall not be altered or amended except by a supplementary agreement in writing and signed by both parties. The failure of either COUNTY or CITY to exercise the rights granted hereunder shall not constitute a waiver of the same either at the time or upon a later recurrence.
- 13.24 RIGHT AND REMEDY.** No delay or omission in the exercise of any right or remedy of either party on any default of the other party shall impair such a right or remedy or be construed as a waiver of such default. Any waiver by either party of any default of the other party shall be in writing and shall not be a waiver of any other default concerning the same or any other provision of this Agreement.
- 13.25 ATTORNEY'S FEES AND COSTS.** Any party may bring a suit or proceeding to enforce or require performance of the terms of this Agreement, and each party in that suit or proceeding shall be responsible for its own attorney's fees and costs.
- 13.26 GOVERNING LAW.** This Agreement shall be governed by the laws of the State of California.
- 13.27 TIME OF ESSENCE.** Time is of the essence of this Agreement and the obligations of the parties to perform hereunder.
- 13.28 CONSTRUCTION OF AGREEMENT.** Headings at the beginning of each paragraph and subparagraph are solely for the convenience of the parties and are not a part of the Agreement. Whenever required by the context of this Agreement, the singular shall include the plural and the masculine shall include the feminine and vice versa. It is agreed and acknowledged by the parties hereto that the provisions of this Agreement have been arrived at through negotiation, and that each of the parties has had a full and fair opportunity to revise the provisions of this Agreement and to have such provisions reviewed by legal counsel. Therefore, the normal rule of construction that any ambiguities are to be resolved against the drafting party shall not apply in construing or interpreting this Agreement. All exhibits are referred to in this Agreement are attached and incorporated by this reference.

13.29 COUNTERPARTS. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, by all of which, together, shall constitute one and the same instrument.

13.30 QUIET POSSESSION. COUNTY agrees that CITY, so long as CITY is not in default under this Agreement and is paying the rent and performing the covenants and conditions of this Agreement, shall quietly have, hold and enjoy the Premises throughout the term hereof without interruption or disturbance from COUNTY or any other persons claiming by, through or under COUNTY; and COUNTY warrants to CITY that as of the Commencement Date of said lease term, there were no existing tenancies on the Premises.

Remainder of page intentionally left blank.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement the day of the year first written above.

LESSOR:

**COUNTY OF SACRAMENTO, a
political subdivision of the State of
California**

Date: 6-28-13

By: [Signature]
Troy Givans

Director of Office of Economic
Development and Marketing
Under delegated authority by
Resolution No. : 2013-0391
Dated: 6-18-13

CITY:

**CITY OF RANCHO CORDOVA, a
municipal corporation**

Date: 5-24-13

By: [Signature]
Ted Gachler, City Manager

Under delegated authority by
Resolution No. : SI-2013
Dated: 5-20-13

**REVIEWED AND APPROVED BY
COUNTY COUNSEL:**

By: [Signature]
William Burke
Deputy County Counsel

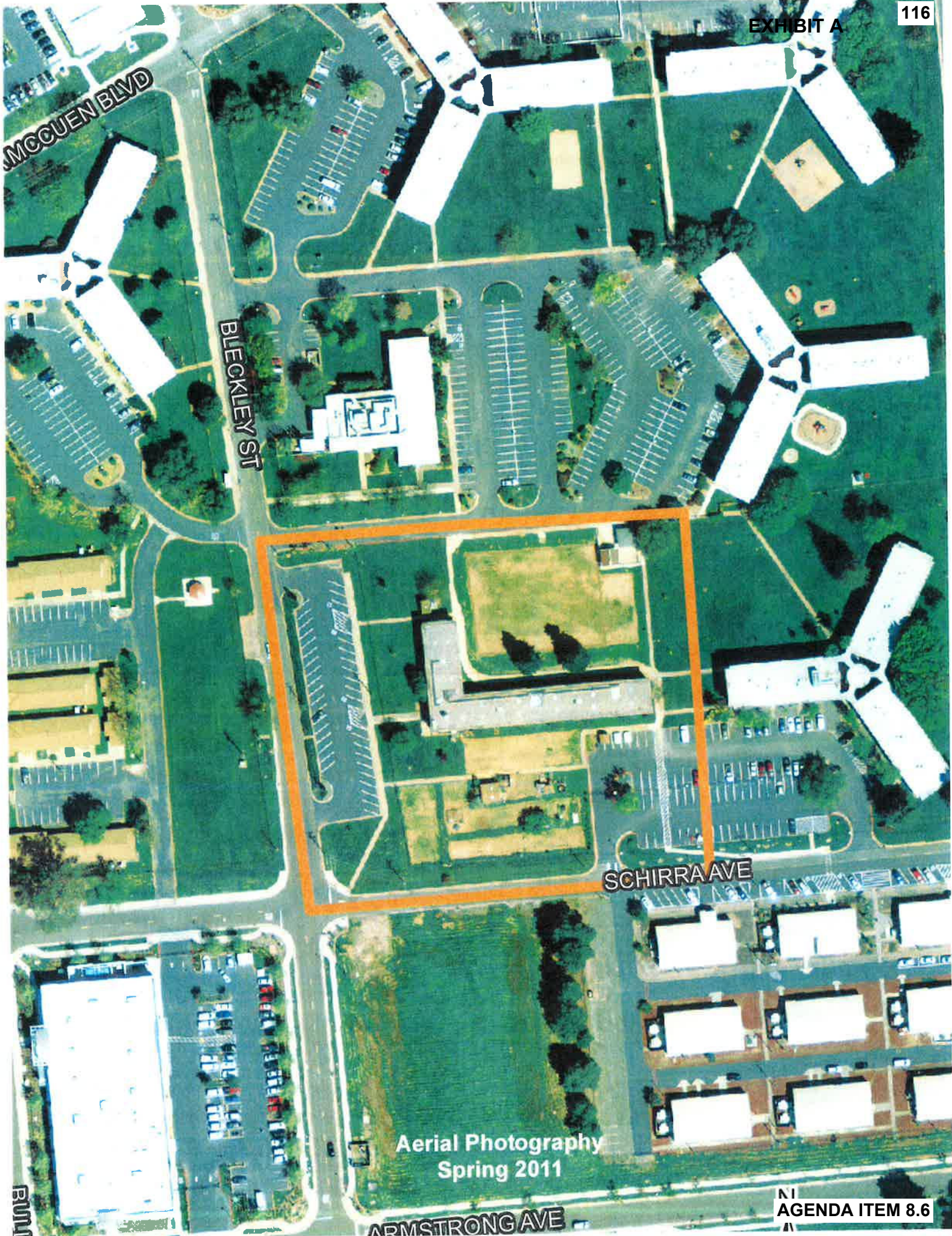
**REVIEWED AND APPROVED BY
CITY COUNSEL:**

By: [Signature]
City Counsel

Exhibit A

Property

County Owned Property
APN 067-0010-099
3611 Bleckley Street
Mather, CA 95655



Aerial Photography
Spring 2011

Exhibit B

Premises

EXHIBIT "B-1"**Premises****APN 067-0010-099****Legal Description**

Being a portion of that certain Parcel of Land containing 16.390 Acres bounded on the North by Femoyer Street (Now called Peter A. McCuen Boulevard), on the East by Femoyer Street, on the West by Bleckely Street, and on the South by Marauder Street (Now called Schirra Avenue), and located at Mather Air Force Base as shown on Record of Survey Recorded in Book 54 at Page 33 of Official Records, County of Sacramento, State of California.

Beginning at a point which bears North $38^{\circ}33'14''$ East 38.36 feet from the centerline intersection of Bleckely Street and Marauder Street (Now called Schirra Avenue) as shown on aforesaid Record of Survey. Said Point of Beginning being 28.00 feet easterly from the centerline of Bleckely Street and 28.00 feet northerly from the centerline of Marauder Street (Now called Schirra Avenue). Thence from said Point of Beginning the following four (4) courses:

- 1.) North $08^{\circ}19'46''$ West 375.52 feet parallel with and 28.00 feet from the centerline of Bleckely Street as shown on aforesaid Record of Survey;
- 2.) Leaving said parallel line North $85^{\circ}31'31''$ East 442.22 feet;
- 3.) South $04^{\circ}33'46''$ East 374.03 feet to a point being 28.00 northerly of the centerline of Marauder Street (Now called Schirra Avenue);
- 4.) South $85^{\circ}26'14''$ West 417.55 feet parallel with and 28.00 feet from the centerline of Marauder Street (Now called Schirra Avenue) to the Point of Beginning.

Containing 160,930.00 Square feet or 3.69 acres

The Basis of bearings for this description is identical to Record of Survey Book 54 Page 33 Official Records in the Records Office of the County of Sacramento, State of California

End of Description

Prepared By: Warren Land Surveying, Inc.
1117 Windfield Way, Ste. 110
El Dorado Hills, CA 95762

09/06/12

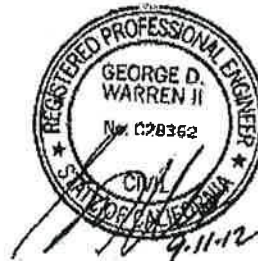


Exhibit "B-2"
Premises
APN 067-0010-099
Plat Map

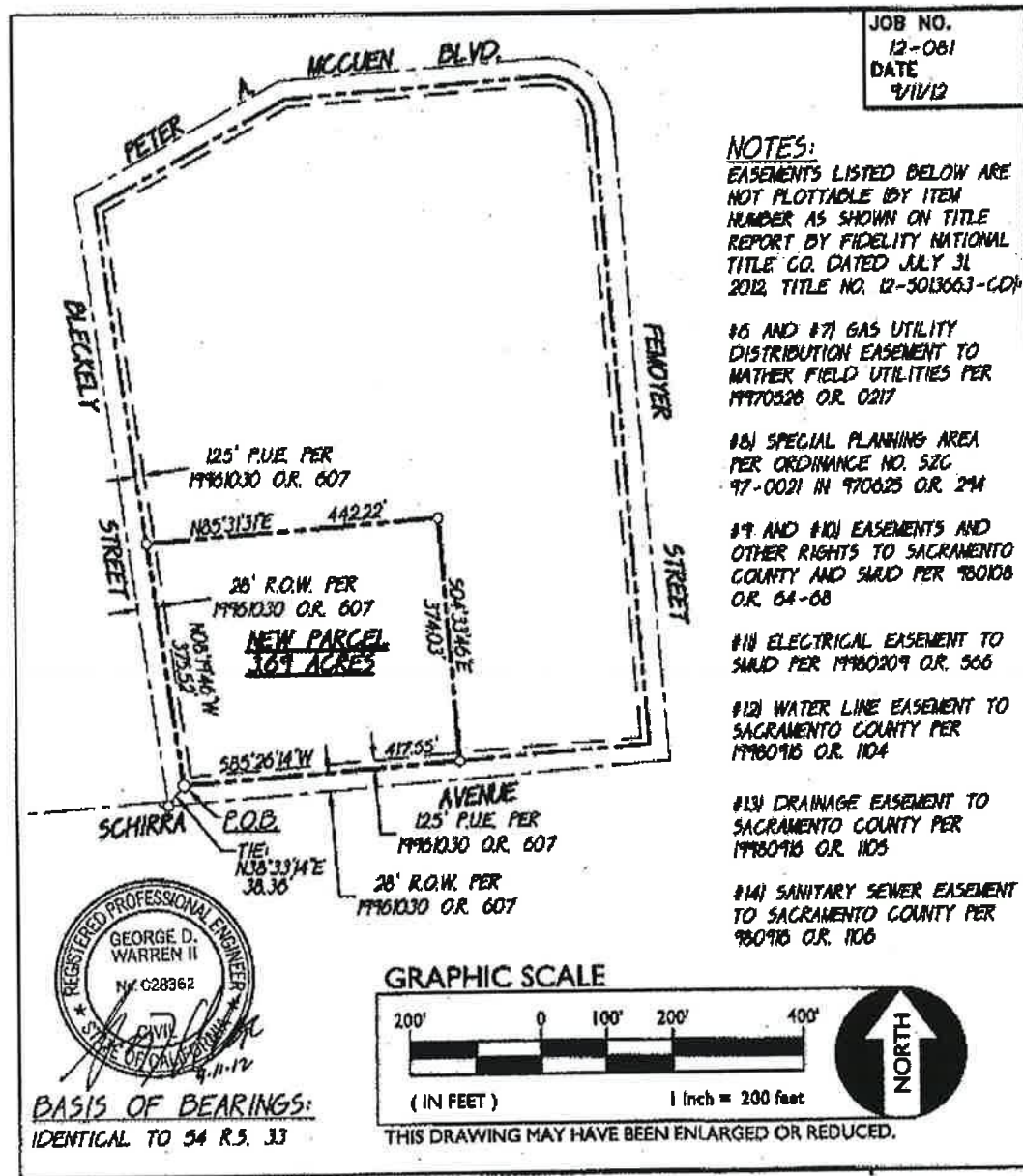
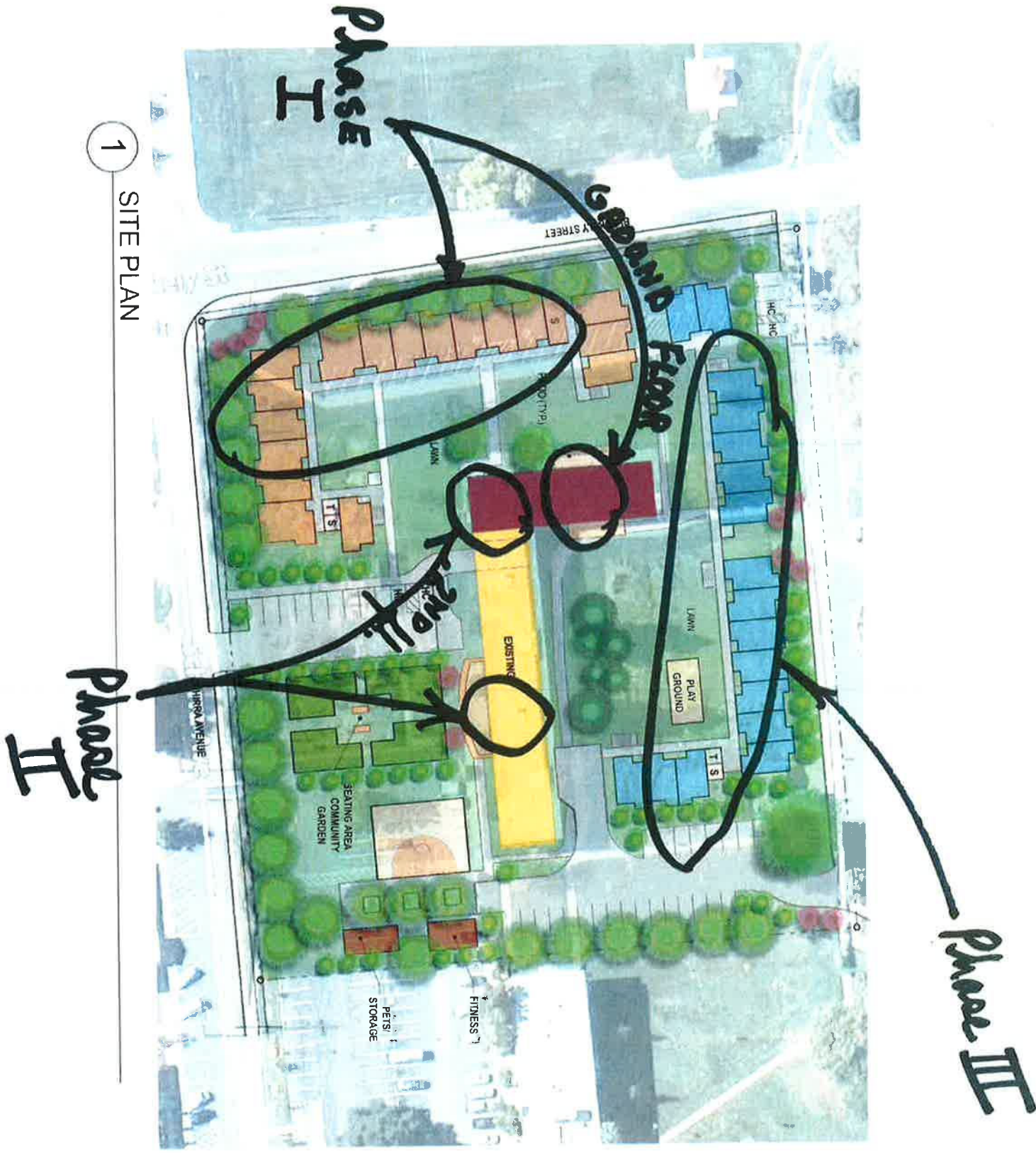


EXHIBIT “C”

Phasing Plan



1 SITE PLAN



MATHER FIELD VETERANS VILLAGE
SACRAMENTO/ CALIFORNIA

EXHIBIT "D"

(To be attached once zoning/construction drawings are received)

Site Plan

1. This Exhibit may be augmented with a land survey of the Premises once it is received by CITY.
2. Setback of the Premises from the Property's boundaries shall be the distance required by the applicable governmental authorities.
3. Width of access road shall be the width required by the applicable governmental authorities, including police and fire departments.

EXHIBIT "E"

Air Force Conveyance Documents

EXHIBIT A

EXHIBIT "E"



Sacramento County Recorder
 Craig A. Kramer, Clerk/Recorder
 BOOK 20130503 PAGE 1295

Friday, MAY 03, 2013 1:10:58 PM
 Ttl Pd \$0.00 Rept # 0007770571

MML/18/1-20

WHEN RECORDED RETURN TO:

REAL ESTATE DIVISION
 COUNTY OF SACRAMENTO
 3711 Branch Center Road
 Sacramento, CA 95827
 MAIL CODE: 63-002

NO FEE DOCUMENT PER GOVERNMENT CODE 27383
NO DOCUMENT TRANSFER TAX PER R&T CODE 11922

Mail Tax Bills To:

County of Sacramento
 Department of Economic Development
 700 H Street
 Sacramento, CA 95814

Okay to Accept By
 Signature/Date:

Print Name & Date

John Dito

APN: 067-0010-089, 067-0010-091, 067-0010-092
 and 067-0010-099

Project Name & Dept:

Parcel C-12

(Econ Dev)

THIS SPACE FOR RECORDER'S USE ONLY

TITLE(S)**Quitclaim Deed**LOG NO. **030226**

Recording Requested by,
and when recorded mail to:

Real Estate Division
County of Sacramento
3711 Branch Center Rd
Sacramento CA 95827-3807

Entitled to Free Recording Under
Government Code §6103 and §27383

Exempt from Documentary Transfer Tax
Rev. & Tax Code §11922

QUITCLAIM DEED,

CERCLA 120(h) NOTICES, COVENANTS, and

ENVIRONMENTAL RESTRICTIONS

Parcel C-12

(Former Mather Air Force Base ("AFB"), California)

I. PARTIES

THIS DEED is made and entered into this 30th day of April, 2013, by and between THE UNITED STATES OF AMERICA (the "United States"), acting by and through the Secretary of the Air Force, under and pursuant to the powers and authority contained in the Defense Authorization Amendments and Base Closure and Realignment Act of 1988, as amended (10 U.S.C. § 2687 note), and delegations and regulations promulgated thereunder (the "Grantor"), and the COUNTY OF SACRAMENTO, a political subdivision of the State of California (the "Grantee"). Unless the context otherwise specifically provides, when used in this Deed, "Grantor" includes the assigns of the Grantor and "Air Force" includes any successor entity to the Department of the Air Force or any successor to the Secretary of the Air Force, and "Grantee" includes the successors and assigns of the Grantee.

II. CONSIDERATION AND CONVEYANCE

WITNESSETH, THAT FOR TEN DOLLARS (\$10.00), and other good and valuable consideration, the receipt of which is hereby acknowledged, the Grantor does hereby release and

forever quitclaim to the Grantee all that real property known as Parcel C-12 consisting of approximately 20.179 acres of land situated in the County of Sacramento, State of California as legally described in Exhibit A and graphically depicted in Exhibit B to this Deed.

III. APPURTENANCES

TOGETHER WITH all the buildings and improvements erected thereon and improvements hereunto belonging, or in any wise appertaining which, together with the real property above described, is called the "Property" in this Deed.

IV. EXCEPTIONS

AND EXCEPTING THEREFROM any and all equipment and other facilities associated with environmental remediation (collectively "Remedial Systems"), whether above, on, or under the ground of the Property. The Remedial Systems include two (2) groundwater monitoring wells, known as MAFB-154 and MAFB-280. Ownership of the Remedial Systems is expressly retained by the Grantor for the MAFB-154 and MAFB-280. Ownership of the Remedial Systems for the groundwater remediation associated with the Inactive Rancho Cordova Test Site ("IRCTS"), consisting of extraction well EX-9 with associated equipment and utility infrastructure, is retained by Boeing/Aerojet. A depiction of the excepted Remedial Systems is provided in Exhibit C (groundwater remedial systems components). Additionally, the coordinates for wells associated with the groundwater remediation located on the Property are provided in Exhibit D.

V. RESERVATIONS

A. The Grantor hereby reserves a mineral royalty as described in this subparagraph affecting the Property. The parties have agreed that this Deed shall relinquish and release unto the Grantee all the mineral interests owned by the Grantor in the Property and the parties have agreed that the Grantor has reserved to itself an overriding royalty of TEN PERCENT (10%) of the gross fair market value of the minerals, if any minerals are extracted from the Property at some future time, either by the Grantee or its successors, transferees, or assigns, pursuant to a license, lease or any other enabling agreement (e.g., purchase/sale of right to extract the minerals). The "gross fair market value" of such minerals for the purpose of computing such overriding royalty shall be the free on board (origin) retail value of the mineral products after final processing, equivalent to public sale or retail value at the origin. Provided, however, that the Grantee shall be under no obligation to extract such minerals or to issue such a lease or agreement.

B. The Property is conveyed subject to the public rights-of-way and public utility easements as described in the Grant of Easement from the United States to the County of Sacramento, recorded in Book 961030, Page 0607 of the Official records of the County of Sacramento.

VI. CONDITION

A. The Grantee agrees to accept conveyance of the Property subject to all legally enforceable covenants, conditions, restrictions, easements, rights-of-way, reservations, rights, privileges, benefits, agreements, and encumbrances, whether or not of record.

B. The Grantee acknowledges that it has inspected, is aware of, and accepts the condition and state of repair of the Property, and that the Property is conveyed, "as is," "where is," without any representation, promise, agreement, or warranty, whether express or implied, on the part of the Grantor, or otherwise provided for by law or in equity, regarding such condition and state of repair, or regarding the making of any alterations, improvements, repairs, or additions. The Grantee further acknowledges that the Grantor shall not be liable for any latent or patent defects in the Property, except to the extent required by applicable law.

VII. NOTICES, DESCRIPTION, COVENANTS, AND ACCESS RIGHTS RELATED TO SECTION 120(h)(3) OF THE COMPREHENSIVE ENVIRONMENTAL RESPONSE, COMPENSATION, AND LIABILITY ACT ("CERCLA") (42 U.S.C. § 9620(h)(3))

A. **Property Covered by Notices, Description, Covenants, and Access Rights, Made Pursuant to Section 120(h)(3)(A) of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. § 9620(h)(3)(A)):**

For the entirety of the Property, the Grantor provides the following notices, description, covenants, and retains the following access rights:

B. **Notices Pursuant to Section 120(h)(3)(A)(i)(I) and (II) of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. § 9620(h)(3)(A)(i)(I) and (II)):**

Pursuant to section 120(h)(3)(A)(i)(I) and (II) of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. § 9620(h)(3)(A)(i)(I) and (II)), available information regarding the type, quantity, and location of hazardous substances and the time at which such substances were stored, released, or disposed of, as defined in section 120(h), is provided in **Exhibit E** (stored) and **Exhibit F** (released on nearby parcels), attached hereto and made a part hereof. There were no known releases of hazardous substances on the Property, but notice is hereby provided that unknown quantities of hazardous substances were released or disposed of on nearby parcels thereby contaminating the groundwater under portions of the former Mather AFB including portions of this Property.

C. **Description of Remedial Action Taken, if Any, Pursuant to Section 120(h)(3)(A)(i)(III) of Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. § 9620(h)(3)(A)(i)(III)):**

Pursuant to Section 120(h)(3)(A)(i)(III) of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. § 9620(h)(3)(A)(i)(III)), remedial action

consisting of groundwater extraction and treatment for portions of the base including the groundwater under this Property has been taken.

D. Covenants Pursuant to Section 120(h)(3)(A)(ii) and (B) of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. § 9620(h)(3)(A)(ii) and (B)):

Pursuant to Section 120(h)(3)(A)(ii) and (B) of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. § 9620(h)(3)(A)(ii) and (B)), the United States warrants that:

1. all remedial action necessary to protect human health and the environment with respect to any hazardous substance identified pursuant to Section 120(h)(3)(A)(i)(I) of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 remaining on the Property has been taken before the date of this Deed, and

2. any additional remedial action found to be necessary after the date of this Deed shall be conducted by the United States.

E. Access Rights Pursuant to Section 120(h)(3)(A)(iii) of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. § 9620(h)(3)(A)(iii)):

1. The United States retains and reserves a perpetual and assignable easement and right of access on, over, and through the Property, to enter upon the Property in any case in which a remedial action or corrective action is found to be necessary on the part of the United States, without regard to whether such remedial action or corrective action is on the Property or on adjoining or nearby lands. Such easement and right of access includes, without limitation, the right to perform any environmental investigation, survey, monitoring, sampling, testing, drilling, boring, coring, testpitting, installing monitoring or pumping wells or other treatment facilities, response action, corrective action, or any other action necessary for the United States to meet its responsibilities under applicable laws and as provided for in this instrument. Such easement and right of access shall be binding on the Grantee and its successors and assigns and shall run with the land.

2. In exercising such easement and right of access, the United States shall provide the Grantee or its successors or assigns, as the case may be, with reasonable notice of its intent to enter upon the Property and exercise its rights under this clause, which notice may be severely curtailed or even eliminated in emergency situations. The United States shall use reasonable means to avoid and to minimize interference with the Grantee's work and the Grantee's successors' and assigns' quiet enjoyment of the Property. At the completion of work, the work site shall be reasonably restored. Such easement and right of access includes the right to obtain and use utility services, including water, gas, electricity, sewer, and communications services available on the Property at a reasonable charge to the United States. Excluding the reasonable charges for such utility services, no fee, charge, or compensation will be due the Grantee, nor its

successors and assigns, for the exercise of the easement and right of access hereby retained and reserved by the United States.

3. In exercising such easement and right of access, neither the Grantee nor its successors and assigns, as the case may be, shall have any claim at law or equity against the United States or any officer or employee of the United States based on actions taken by the United States or its officers, employees, agents, contractors of any tier, or servants pursuant to and in accordance with this clause: provided, however, that nothing in this paragraph shall be considered as a waiver by the Grantee and its successors and assigns of any remedy available to them under the Federal Tort Claims Act.

NOTICE

BREACH OF ANY ENVIRONMENTAL RESTRICTIVE COVENANT IN PARAGRAPH VIII. BELOW MAY AFFECT THE FOREGOING WARRANTY

VIII. ENVIRONMENTAL RESTRICTIVE COVENANTS AND NOTICES

A. For purposes of this subparagraph, the term "Property" includes all portions of the parcel legally described in **Exhibit A** and graphically depicted in **Exhibit B**, for which the following environmental restrictive covenants apply.

1. Grantee covenants and agrees for itself and its successors and assigns that it will not conduct, or allow others to conduct, any surface activities that introduce or allow infiltration of water/other fluids into the groundwater (e.g., construction/ creation of any groundwater recharge areas, percolation ponds, unlined surface impoundments/trenches, or irrigation for agricultural purposes), without the written approval of the Air Force, United States Environmental Protection Agency ("U.S. EPA"), and the State. Normal watering to support landscaping is excluded from this restriction.

2. Grantee covenants and agrees for itself and its successors and assigns that it will not install wells or extract groundwater, or allow others to install wells or extract groundwater, for any purpose other than remediation or monitoring.

3. Grantee covenants and agrees for itself and its successors and assigns that it will not damage/disturb/tamper with, or allow others to damage/disturb/tamper with, any component of the Remedial System depicted in **Exhibit C**, including, but not limited to, the groundwater monitoring wells on the Property.

4. Grantee covenants and agrees for itself and its successors and assigns that it will not engage in, or allow others to engage in, activities that interfere with the effectiveness of the groundwater monitoring wells used in connection with remediation.

5. Grantee covenants and agrees for itself and its successors and assigns that it will not engage in, or allow others to engage in, activities that would limit access for the Air Force,

U.S. EPA, the State, and their respective officials, agents, employees, contractors, and subcontractors to the groundwater monitoring wells used in connection with remediation.

B. Effect of Covenants. It is the intent of the Grantor and the Grantee that the environmental restrictive covenants in this paragraph bind the Grantee and shall run with the land. It is also the intent of the Grantor and the Grantee that the Grantor will retain the right to enforce any restrictive covenants in this paragraph through the chain of title, in addition to any state law that requires or allows the State to enforce any restrictive covenants in this paragraph. The Grantee covenants and agrees to insert all of this paragraph in any deed to all or any part of the Property that it delivers.

C. Modification or Release of Covenants. The Grantee may request from the United States a modification or release of one or more of the Grantee covenants and agreements in this paragraph, subject to the notification and concurrence or approval of the State of California, the Air Force and U.S. EPA. In the event the request of the Grantee for modification or release is approved by the Air Force, the U.S. EPA, and the State of California, the United States will execute an appropriate document modifying or releasing the covenant (a "Covenant Release"). The Grantee understands and agrees that all costs associated with the Covenant Release shall be the sole responsibility of the Grantee, without any cost whatsoever to the United States.

D. Limitation on Warranty. The warranty set forth in subparagraph VII.D above is limited to response actions found to be necessary to protect human health and the environment from hazardous substances, pollutants or contaminants existing at the Property on the date this Deed is accepted. The obligation of the United States under such warranty does not extend to response actions required as a result of an act or omission of the Grantee, which act or omission (1) introduces new or additional contamination, (2) constitutes a breach of any environmental restrictive covenant set forth in this Deed, or (3) increases the cost of the required response action by its failure to provide timely notice of encountering contamination or by its improper management of any contamination or contaminated soil or water existing at the Property on the date this Deed is accepted from the United States.

E. State Access to Property. The right of access reserved to the United States in subparagraph VII.E above may be exercised by agencies of the United States, including, but not necessarily limited to the Air Force and the U.S. EPA. Further, notice is hereby given that the U.S. EPA, the Air Force, and the State of California have entered into an agreement commonly referred to as a Federal Facility Agreement ("FFA"); that, pursuant to the FFA, the Air Force has a continuing duty to provide access to the Property to the State of California; and that, the Air Force will extend to the State of California, as necessary, the right to use the access reserved in subparagraph VII.E above. This right of access is for purposes, either on the Property or on adjoining lands, consistent with the Installation Restoration Program ("IRP") of the Grantor or the FFA, if applicable.

IX. OTHER COVENANTS AND NOTICES

A. Asbestos Containing Material ("ACM"). The Grantee is warned that the Property may contain current and former improvements, such as buildings, facilities, equipment, and

pipelines, above and below the ground that may contain ACM. The Grantee covenants and agrees that in its use and occupancy of the Property, it will comply with all applicable federal, state, and local laws relating to asbestos. The Grantee is cautioned to use due care during property development activities that may uncover pipelines or other buried ACM. The Grantee covenants and agrees that it will notify the Grantor promptly of any potentially friable ACM that constitutes a release (or potential release) under CERCLA. The Grantor's responsibility under this Deed for friable ACM is limited to friable ACM in demolition debris associated with past Air Force activities and is limited to the actions, if any, to be taken in accordance with the covenants contained in paragraph VII of this Deed. The Grantee is warned that the Grantor will not be responsible for removing or responding to ACM in or on utility pipelines. The Grantee acknowledges that the Grantor assumes no liability for property damages or damages for personal injury, illness, disability, or death to the Grantee, or to any other person, including members of the general public, arising from or incident to the purchase, transportation, removal, handling, use, disposition, or other activity causing or leading to contact of any kind whatsoever with asbestos on the Property, whether the Grantee has properly warned, or failed to properly warn, the persons injured.

B. General Lead-Based Paint and Lead-Based Paint-Containing Materials and Debris (collectively "LBP").

1. Lead-based paint was commonly used prior to 1978 and may be located on the Property. The Grantee is advised to exercise caution during any use of the Property that may result in exposure to LBP.

2. The Grantee covenants and agrees that in its use and occupancy of the Property, the Grantee is solely responsible for managing LBP, including LBP in soils, in accordance with all applicable federal, state, and local laws and regulations. The Grantee acknowledges that the Grantor assumes no liability for property damages or damages for personal injury, illness, disability, or death to the Grantee, or to any other person, including members of the general public, arising from or incident to the purchase, transportation, removal, handling, use, contact, disposition, or other activity involving LBP on the Property, whether the Grantee has properly warned, or failed to properly warn, the persons injured. The Grantee further agrees to notify the Grantor promptly of any discovery of LBP in soils that appears to be the result of Grantor activities and that is found at concentrations that may require remediation. The Grantor hereby reserves the right, in its sole discretion, to undertake an investigation and conduct any remedial action that it determines is necessary.

C. Protected Species and Habitats. The Grantee acknowledges that threatened or endangered (collectively "protected") species, as those terms are defined in the Federal Endangered Species Act of 1973 as amended (the "Act"), may be present on portions of the Property. The following protected species may be present on the Property: the threatened vernal pool fairy shrimp (*Brachinecta lynchi*), the endangered vernal pool tadpole shrimp (*Lepidurus packardii*), the endangered Sacramento Orcutt grass (*Orcuttia viscida*), and/or the threatened slender Orcutt grass (*Orcuttia tenuis*). Moreover, habitats supporting such protected species may be present on the Property. The United States Fish and Wildlife Service (the "USFWS") published a Biological Opinion (the "BO") on January 24, 2012, associated with the disposal and

reuse of the former Mather Air Force Base. The Grantee covenants and agrees to comply with the Act, including, without limitation, the obligations to consult with the USFWS as necessary in connection with the reuse and redevelopment of the Property and to strictly comply with the provisions in the BO.

D. Non-Discrimination. The Grantee covenants and agrees not to discriminate upon the basis of race, color, religion, national origin, sex, age, or handicap in the use, occupancy, sale, or lease of the Property, or in its employment practices conducted thereon. This covenant shall not apply, however, to the lease or rental of a room or rooms within a family dwelling unit, nor shall it apply with respect to religion if the Property is on premises used primarily for religious purposes. The United States shall be deemed a beneficiary of this covenant without regard to whether it remains the owner of any land or interest therein in the locality of the Property.

E. Consultation Zone Requirement. The Grantee is notified of groundwater contaminant plumes in the area and that the Property is subject to the Consultation Zone requirement established in Sacramento County Code, Title 6 (Health and Sanitation), Chapter 6.28 (Wells and Pumps), Section 6.28.000(G). Any application for a well permit within two thousand (2,000) feet of a known groundwater contaminant plume is subject to special review by appropriate regulatory agencies to evaluate potential impacts to public health and groundwater quality.

F. Hazards to Navigation. The Grantee covenants for itself, its successors and assigns, that any construction or alteration is prohibited unless a determination of no hazard to air navigation is issued by the Federal Aviation Administration ("FAA") in accordance with 14 C.F.R. Part 77, entitled "Objects Affecting Navigable Airspace," or under the authority of the Federal Aviation Act of 1958 ("FAA Act"), as amended.

X. MISCELLANEOUS

Except for any personal covenant, each covenant of this Deed, including any that benefits a third party, shall inure to the benefit of the Grantor and such third party; shall be binding upon the Grantee; shall be deemed to touch and concern the land; and shall run with the land.

XI. LIST OF EXHIBITS

The following exhibits are attached to and made a part of this Deed:

- Exhibit A – Legal Description of the Property
- Exhibit B – Map Depiction of the Property
- Exhibit C – Groundwater Remedial System Components
- Exhibit D – Coordinates of Groundwater Wells on the Property
- Exhibit E – Notice of Hazardous Substances Stored
- Exhibit F – Notice of Hazardous Substances Released

[Remainder of page intentionally left blank]

THE UNITED STATES OF AMERICA

ACKNOWLEDGMENT

 **TERIE GLASPEY**
Commission # 1898053
Notary Public - California
Sacramento County
My Comm. Expires Aug 1, 2014

**CERTIFICATE OF
ACCEPTANCE**

This is to certify that the interest in real property conveyed by the within deed, the provisions of which are incorporated by this reference as though fully set forth in the Certification, to the County of Sacramento, a political subdivision of the State of California, is hereby accepted by the undersigned officer pursuant to authority conferred by Sacramento County Code 2.61.020 and the Grantee consents to recordation thereof by its duly authorized officer.

COUNTY OF SACRAMENTO

[Signature]
Director of General Services

5/2/13
Date

RED No. _____

LOG No. QC 030226

Former Mather AFB, CA

Page 10 of 10

Quitclaim Deed
(Parcel C-12 - 20.179 acres)

EXHIBIT A LEGAL DESCRIPTION

All that real property situate in the county of Sacramento, state of California, described as follows:

All of the 2.675 acre parcel land, the 5.005 acre parcel of land and a portion of the 16.390 acre parcel of land, as shown on the Record of Survey filed in the Office of the Recorder of the County of Sacramento, in book 54 of Surveys, at Page 33, together with the 5.977 acre parcel of land as shown on the Record of Survey filed in said Recorder's Office, in book 53 of Surveys, at Page 32, and including one-half of adjoining roads, more particularly described as follows:

Beginning at the centerline intersection of Peter M. McCuen Blvd. (formerly Lower Placerville Road) and Bleckley Street as shown on said Record of Survey filed in Book 53 of Surveys, Page 32; thence along the centerline of said Peter M. McCuen Blvd. (formerly Lower Placerville Road) South 59°11'15" West, 430.95 feet; thence leaving said centerline of Peter M. McCuen Blvd. (formerly Lower Placerville Road) road South 30°48'45" East, 36.00 feet to northwesterly corner of said 5.977 acre parcel of land; thence along the westerly line of said 5.977 acre parcel of land the following four (3) courses:

- 1) South 30°57'30" East 142.70 feet;
- 2) South 04°51'30" East 198.42 feet;
- 3) South 85°00'00" West 49.43 feet to a point on the easterly line of that certain parcel of land described in the Grant Deed recorded in Book 20080417 of Official Records, Page 614;

Thence along last said easterly line South 03°22'33" East 115.48 feet, to the most northerly northeast corner of that certain parcel of land described in the Grant Deed recorded in Book 20101101 of Official Records, Page 1400; thence along the easterly line of said parcel of land described in the Grant Deed recorded in Book 20101101 of Official Records, Page 1400 South 03°22'33" East, 263.62 feet to the center line of Schirra Avenue as shown on that certain Record of Survey file in Said Recorder's Office in Book 57 of Surveys, Page 20; thence along said centerline of Schirra Avenue North 85°26'14" East, 424.54 feet to the center line of Bleckley Street as shown on said Record of Survey filed in Book 54, Page 33; thence along said center line of Bleckley Street South 08°19'46" East, 7.13 feet to the center line of Schirra Street (formerly Marauder Street) as shown on said Record of Survey filed in Book 54, Page 33; thence along said center line of Schirra Street (formerly Marauder Street) North 85°26'14" East, 276.98 feet; thence leaving said centerline of Schirra Street (formerly Marauder Street) South 04°33'46" East, 36.00 feet to the northwesterly corner of said 2.675 acre parcel land; thence along the west and south lines of said 2.675 acre parcel of land the following two (2) courses:

- 1) South 04°30'15" East, 259.55 feet;
- 2) North 85°26'14" East, 448.92 feet to the southeasterly corner thereof;

thence North 85°29'45" East, 36.00 feet to the said centerline of Femoyer Street as shown on said Record of Survey filed in Book 54, Page 33; thence along said centerline of Femoyer Street South 04°30'15" East, 126.10 feet; thence leaving said center line of Femoyer Street North

Quitclaim Deed (Parcel C-12 - 20.179 acres)

85°29'45" East, 36.00 feet to the more northerly southwest corner of said 5.005 acre parcel of land; thence along the southerly, easterly and northerly lines of said 5.005 acre parcel of land the following seven (7) courses:

- 1) North 85°26'14" East, 154.04 feet;
- 2) South 04°33'46" East, 94.97 feet;
- 3) North 85°26'14" East, 337.94 feet;
- 4) North 04°33'46" West, 267.04 feet;
- 5) South 85°26'14" West, 112.39 feet;
- 6) North 04°33'46" West, 267.04 feet;
- 7) South 85°26'14" West, 379.14 feet to the northwesterly corner thereof;

thence South 85°29'45" West, 36.00 feet to said centerline of Femoyer Street; thence along said center line of Femoyer Street South 04°30'15" East, 17.43 feet to said center line of Schirra Avenue (formerly Marauder Street); thence along said center line of Schirra Street (formerly Marauder Street) South 85°26'14" West, 318.17 feet; thence leaving center line of Schirra Street (formerly Marauder Street) North 04°33'46" West, 402.03 feet; thence South 85°31'31" West, 470.28 feet to said center line of Bleckley Street; thence along said center line of Bleckley Street North 08°19'46" West, 534.05 feet to the point of beginning, containing 20.179 acres, more or less.

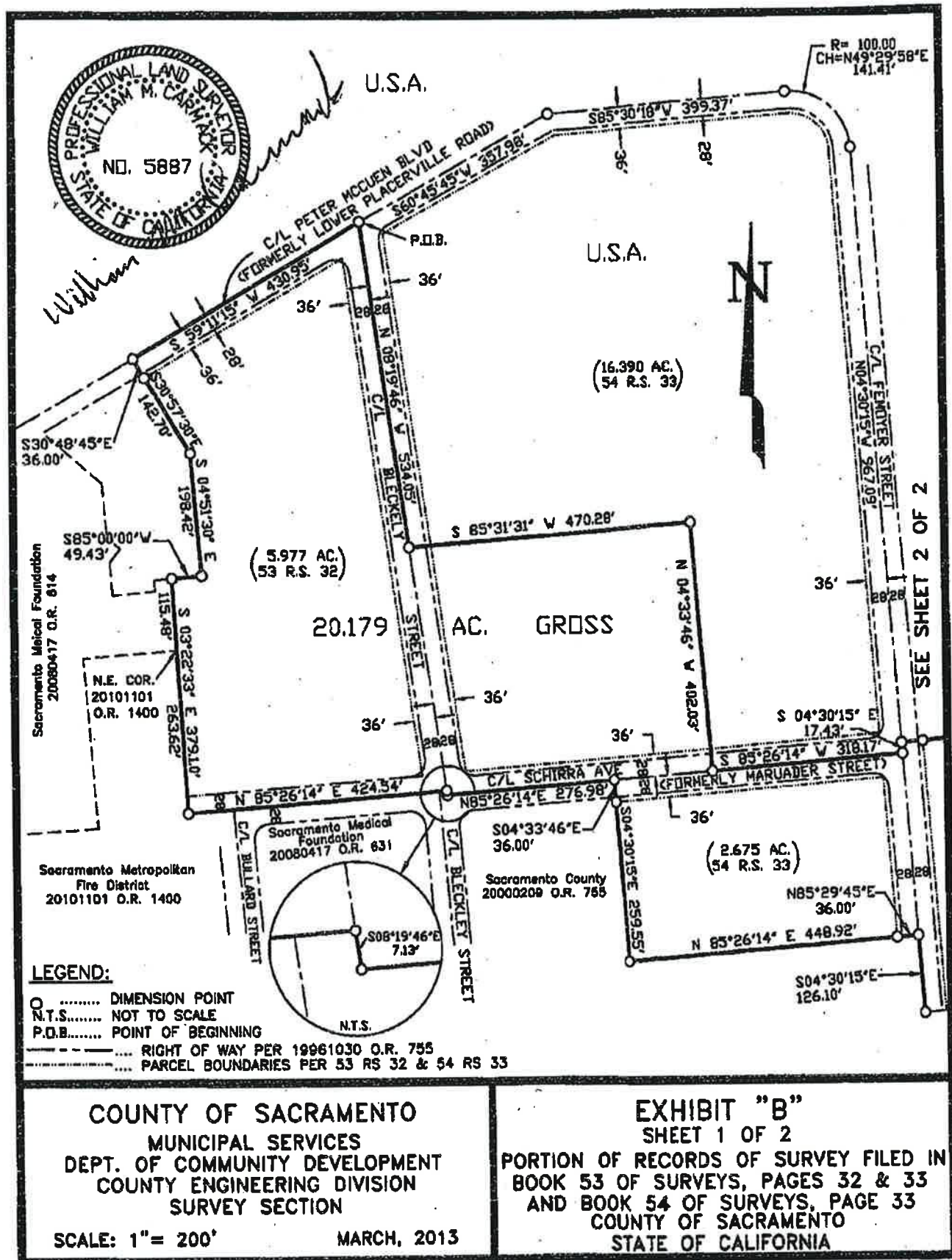
This description was prepared by me or under my direction pursuant to section 8761.1 of the Professional Land Surveyors Act.

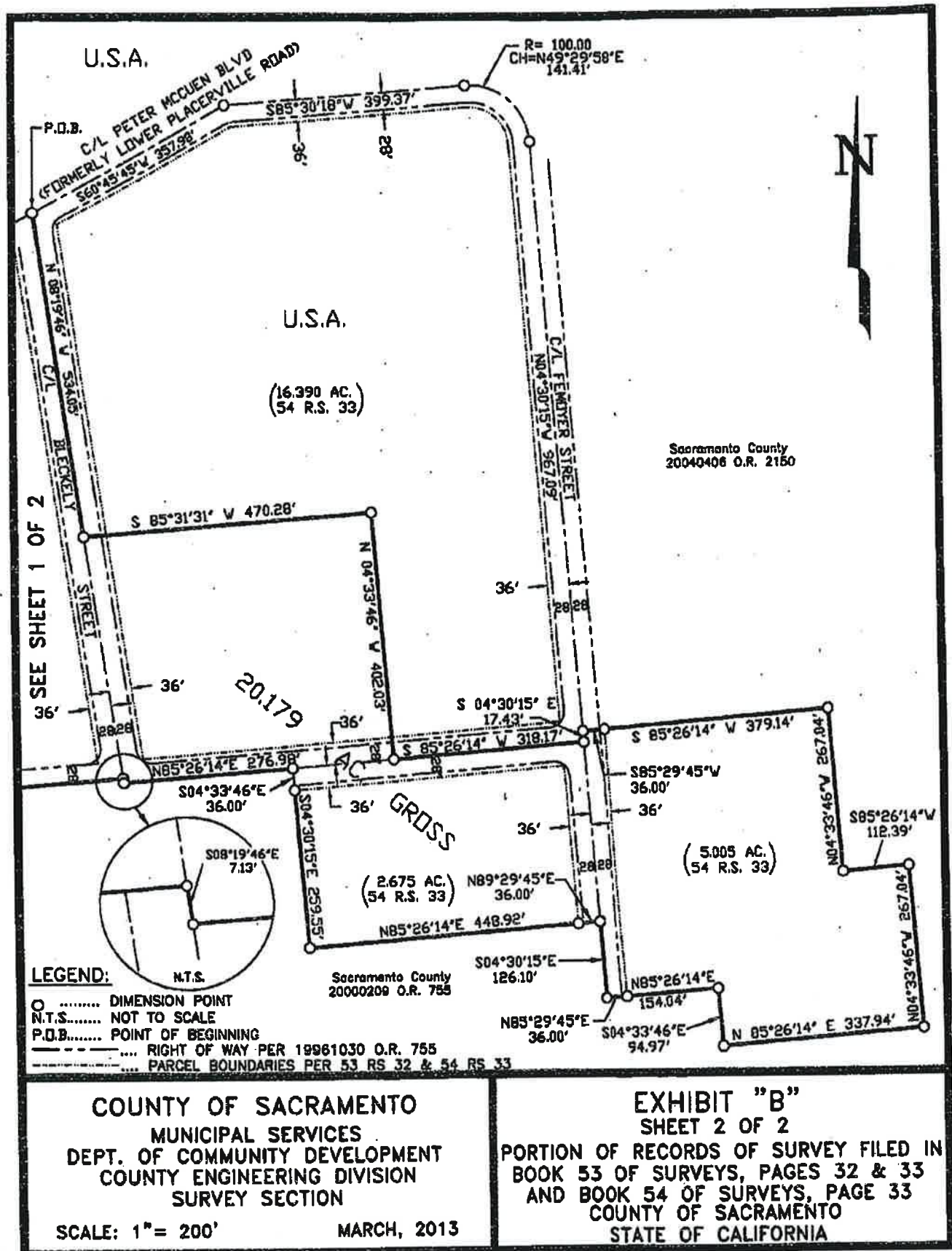
William M. Carmack
William M. Carmack, P.L.S. 5887



3/18/2013
Date

Quitclaim Deed (Parcel C-12 - 20.179 acres)





Quitclaim Deed (Parcel C-12 - 20.179 acres)

**Former Mather AFB
Parcel C-12 Deed
Exhibit C**

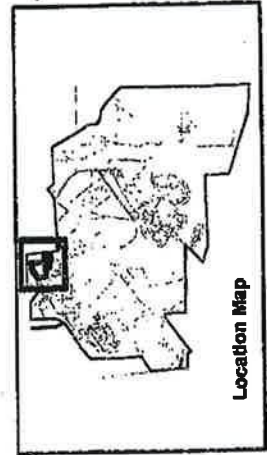
**Groundwater Remedial System
Components**

Legend

-  Parcel M
-  AF (Groundwater Well)
-  Boeing (Groundwater Well)
-  Roads
-  Buildings
-  Mather Boundary



0 250 500 1,000
Feet



Location Map

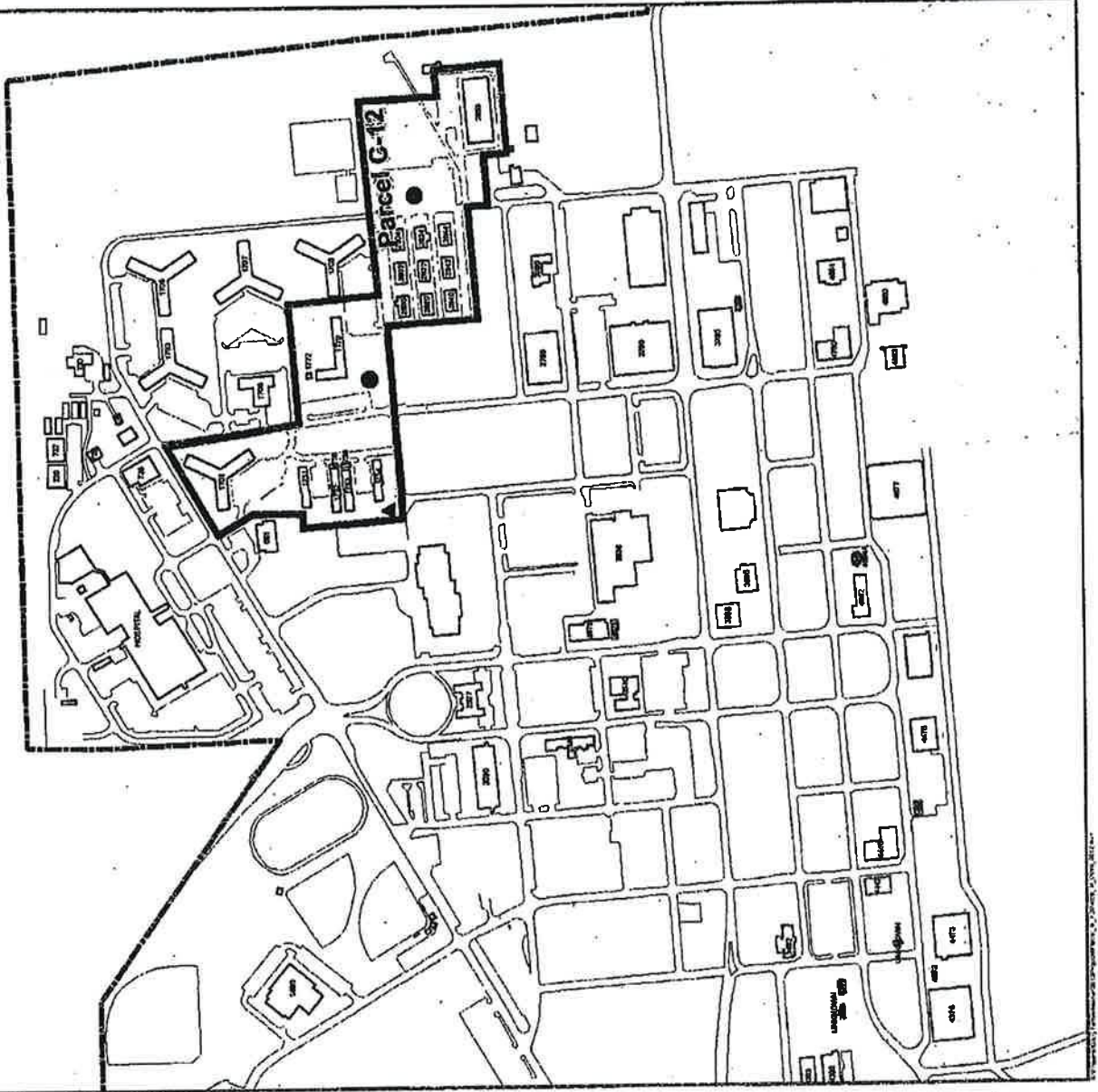


EXHIBIT E**NOTICE OF HAZARDOUS SUBSTANCES STORED**

Notice is hereby provided that the following hazardous substances are known to have been stored on the Property and the date such storage took place. The information contained in this notice is required under the authority of regulations promulgated under section 120(h) of the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA or "Superfund") 42 U.S.C. section 9620(h).

Facility 2950

Substance Stored	Constituents	CAS Registry Number	Quantity Stored (Co)	Dates Stored
Lacquer and Enamel Paints	Toluene, Xylene, Methyl Ethyl Ketone, Petroleum Distillates	varies	136 kg/month	1984

Former Mather AFB, CA

Quitclaim Deed
(Parcel C-12 - 20.179 acres)
Exhibit E

EXHIBIT F

NOTICE OF HAZARDOUS SUBSTANCES RELEASED

Notice is hereby provided that the following hazardous substances are known to have been released on the Property and the dates such release took place. The information contained in this notice is required under the authority of regulations promulgated under section 120(h) of the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA or "Superfund") 42 U.S.C. section 9620(h).

Main Base /SAC Area Plume (adjacent)

Substance	Regulatory Synonym(s)	CAS Registry Number	Quantity (kg/yr) (lbs/yr)	Date	Hazardous Waste ID Number	Response	Remarks
Perchloroethene	PCE	127-18-4	Unknown	Unknown	U210	None required. Levels on property below maximum contaminant levels (MCLs) since 2000. Pump-and-treat technology, treatment of extracted groundwater by air stripping, injection of treated groundwater, land use restrictions, and groundwater monitoring were implemented within the boundaries of the adjacent property (downgradient of the property) as per the selected remedies within the Groundwater Operable Unit Record of Decision dated 1996.	Monitoring wells installed on the southern portion of the property and adjacent to monitor transport of perchloroethene.

Former Mather AFB, CA

Page 1 of 2

Quitclaim Deed
(Parcel C-12 - 20.179 acres)
Exhibit F

Main Base /SAC Area Plume (adjacent)

Substance	Regulatory Synonym(s)	CAS Registry Number	Quantity (kg/yr) (lbs/yr)	Date	Hazardous Waste ID Number	Response	Remarks
Trichloroethene	Trichloroethylene Ethylene trichloride Chloro/len TCE 1,1,2-Trichloroethylene	79-01-6	Unknown	Unknown	UN1710	None required. Levels on property below maximum contaminant levels (MCLs) since 2000. Pump-and-treat technology, treatment of extracted groundwater by air stripping, injection of treated groundwater, land use restrictions, and groundwater monitoring were implemented within the boundaries of the adjacent property (downgradient of the property) as per the selected remedies within the Groundwater Operable Unit Record of Decision dated 1996.	Monitoring wells installed on the southern portion of the property and adjacent to monitor transport of trichloroethene.
Carbon tetrachloride	Methane, tetrachloro	56235	Unknown	Unknown	U211	None required. Levels on property below maximum contaminant levels (MCLs) since 2000. Pump-and-treat technology, treatment of extracted groundwater by air stripping, injection of treated groundwater, land use restrictions, and groundwater monitoring were implemented within the boundaries of the adjacent property (downgradient of the property) as per the selected remedies within the Groundwater Operable Unit Record of Decision dated 1996.	Monitoring wells installed on the southern portion of the property and adjacent to monitor transport of carbon tetrachloride.

Note. Remedial action is currently ongoing within the boundaries of the adjacent property. Through historical investigations and reports, no hazardous substance release or disposal were identified within the boundaries of the Property that contributed to the contaminated groundwater.

Former Mather AFB, CA

Page 2 of 2

Quitclaim Deed
(Parcel C-12 - 20.179 acres)
Exhibit F

EXHIBIT "F"

Bill of Sale

Bill of Sale/ 3611 Bleckely Street
Project No. _____

BILL OF SALE

This BILL OF SALE is executed as of the _____ day of _____, 2013, by the **County of Sacramento**, a political subdivision of the State of California ("**Seller**"), in favor of the **City of Rancho Cordova**, a California incorporated municipality ("**Purchaser**").

Recitals

- A. Seller and Purchaser have entered into a separate 99-year Lease Agreement ("the Lease Agreement") for an area of approximately 3.69 acres located at 3611 Bleckely Street, Mather, California 95655, being a APN 067-0010-099.
- B. Under the Lease Agreement, Purchaser will operate a veterans' affordable housing program on the leased premises.
- C. The leased premises includes an existing two-story, 24,093 square foot building known as "Building 1770" and more commonly identified as the Mather Infirmary; a small shed, and a small building containing mechanical equipment (collectively, the "Structures"); that Seller desires to convey as personal property, separate from the underlying land, to Purchaser. The Structures are more particularly identified in Attachment A to this Bill Of Sale.
- D. Purchaser desires to acquire the Structures from Seller as personal property, separate and apart from the underlying real property.

NOW THEREFORE, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Seller agrees as follows:

Section 1. Recitals Incorporated By Reference

The above Recitals are hereby incorporated into this Bill of Sale as though fully set forth as terms of the sale.

Section 2. Grant

Seller grants, conveys and transfers to Purchaser all of Seller's rights to the Structures. It is understood by the Seller and Purchaser that the Structures are conveyed to City separate and apart from the land beneath them, such that Seller shall remain the owner of all real property constituting APN 067-0010-099. Purchaser has obtained access rights to the Structures by and through the Lease Agreement.

///

Bill of Sale/ 3611 Bleckely Street
Project No. _____

Section 3. No Warranties

Seller makes no warranties or representations concerning the condition or suitability of the Structures. Purchaser accepts the Structures "as is" and shall accept all risk and liability associated with ownership of the Structures.

Section 4. Governing Law

This Bill of Sale shall be binding upon and inure to the benefit of the successors, assigns, personal representatives, heirs and legatees of Seller and Purchaser. This Bill of Sale shall be governed by, interpreted under, and construed and enforceable in accordance with the laws of the State of California.

IN WITNESS WHEREOF, Seller has executed and delivered this Bill of Sale as of the date first written above.

By: County Of Sacramento

By: 
TROY EVANS

6-25-13
Date

Under delegated authority by
Resolution No. 2013-0391
Dated: 6-18-13

Approved As To Form

William Burke
County Counsel

6-24-13
Date

Bill of Sale/ 3611 Bleckely Street
Project No. _____

STATE OF California _____)

COUNTY OF Sacramento _____)

On June 25th, 2013, before me, Mark E. Daily, a
notary public, personally appeared Troy Givans

proved to me on the basis of satisfactory evidence to be the person(s) whose name is(are)
subscribed to the within instrument and acknowledged to me that he/~~she~~/they executed
the same in his/~~her~~/their authorized capacity(ies), and that by his/~~her~~/their signature(s) on
the instrument the person(s), or the entity upon behalf of which the person(s) acted,
executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that
the foregoing paragraph is true and correct.



Witness my hand and official seal.

Signature: _____

M. E. Daily

(Seal)

2062729.2

FORM OF ASSIGNMENT AND ASSUMPTION OF LEASE

THIS ASSIGNMENT AND ASSUMPTION OF LEASE ("**Assignment**"), is made as of the 20th day of September, 2013 ("**Effective Date**") by and between the City of Rancho Cordova, a California municipal corporation ("**Assignor**"), and Mercy Housing California, a 501c3 not for profit corporation ("**Assignee**").

RECITALS

WHEREAS, Assignor desires to assign to Assignee its interest in a portion of that certain Lease Agreement by and between Assignor and the County of Sacramento, a political subdivision of the State of California, dated as of June 24, , 2013 ("**County Lease**"), with respect to the Phase I Property; and

WHEREAS, by Disposition and Development Agreement ("**DDA**") dated as of August 9, 2013, by and between Assignor and Assignee, Assignor agreed to transfer to Assignee, Assignor's leasehold interest in that certain real property located in the City of Rancho Cordova, constituting a portion of the County Lease as more precisely described as Assessor's Parcel Number 067-0010-106 ("**Phase I Property**"), as more particularly described in the DDA; and

WHEREAS, Assignee desires to assume the obligations of Assignor under the County Lease with respect to the Phase I Property, arising from and after the Effective Date of this Assignment.

NOW THEREFORE, in consideration of the premises and the mutual covenants herein contained, the parties hereto hereby agree as follows:

1. Assignment. Assignor hereby assigns, sets over and transfers to Assignee all of its right, title and interest in, to and under the County Lease, attached to the DDA as Exhibit A and incorporated herein by this reference, with respect to the Phase I Property.
2. Term. The term of the lease shall be for a term not to exceed Eighty (80) years from the date of the issuance of the final certificate of occupancy for the project or in the case that that Developer has failed to obtain each entitlement, permit or approval required for the installation of improvements for Phase One, the term of this agreement shall end June 25, 2016
3. Assumption of Lease Obligations. Assignee hereby assumes and agrees to perform all obligations of the "CITY" or "LESSEE" under the County Lease, with respect to the Phase I Property, arising as of the date hereof.
4. Miscellaneous. This Assignment and the obligations of the parties hereunder shall survive the closing of the transaction referred to in the DDA and shall not be merged therein; shall be binding upon and inure to the benefit of the parties hereto, and their respective legal representatives, successors and assigns; shall be governed by and construed in accordance with

the laws of the State of California; and may not be modified or amended in any manner other than by a written agreement signed by the party to be charged therewith.

5 Severability. If any term or provision of this Assignment or the application thereof to any persons or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Assignment or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable shall not be affected thereby, and each term and provision of this Assignment shall be valid and enforced to the fullest extent permitted by law.

6 Counterparts. This Assignment may be executed in counterparts, each of which shall be an original and all of which counterparts taken together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the undersigned have executed this Assignment as of the date first set forth hereinabove.

ASSIGNOR

THE CITY OF RANCHO CORDOVA,
a California municipal corporation

By: Ted A. Pacheco
9-19-13

ATTEST:

By: Mindy C. Perry
City Clerk

APPROVED AS TO FORM:

By: Calvin T. Lopez
City Attorney

ASSIGNEE

MERCY HOUSING CALIFORNIA, a 501c3 not for profit corporation

By: [Signature]

**Exhibit A
Legal Description
Parcel 1
APN: 067-0010-106**

Being a portion of that certain Parcel of Land containing 3.69 Acres located in the City of Rancho Cordova Assessors Parcel No. 067-0010-099-0000 on file at the Assessors Office, County of Sacramento, State of California. Said 3.69 acres being a portion of that certain parcel containing 16.39 acres shown on the Record of Survey in Book 54 of Surveys at Page 33 on file in the Office of the Recorder, County of Sacramento, State of California.

Beginning at the southwest corner of aforesaid 3.69 acre parcel said point of beginning also bears North 38°33'14" East 38.36 feet from the centerline intersection of Bleckely Street and Marauder Street (now called Schirra Avenue) as shown on aforesaid Record of Survey. Said Point of Beginning being 28.00 feet easterly from the centerline of Bleckely Street and 28.00 feet northerly from the centerline of Marauder Street (now called Schirra Avenue).

Thence from said Point of Beginning the following six (6) courses.

- 1.) North 08°19'46" West 257.81 feet parallel with and 28.00 feet from the centerline of Bleckely Street
- 2.) North 81°41'09" East 108.59 feet
- 3.) South 04°36'49" East 120.11 feet
- 4.) North 85°28'46" East 155.92 feet
- 5.) South 04°40'49" East 144.14 feet to a point being 28.00 feet northerly of the centerline of Schirra Street.
- 6.) South 85°26'14" West 247.75 feet parallel with and 28.00 feet from the centerline of Schirra Street to the point of beginning.

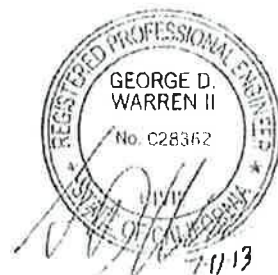
Containing 48,608.00 Square feet or 1.11 acres

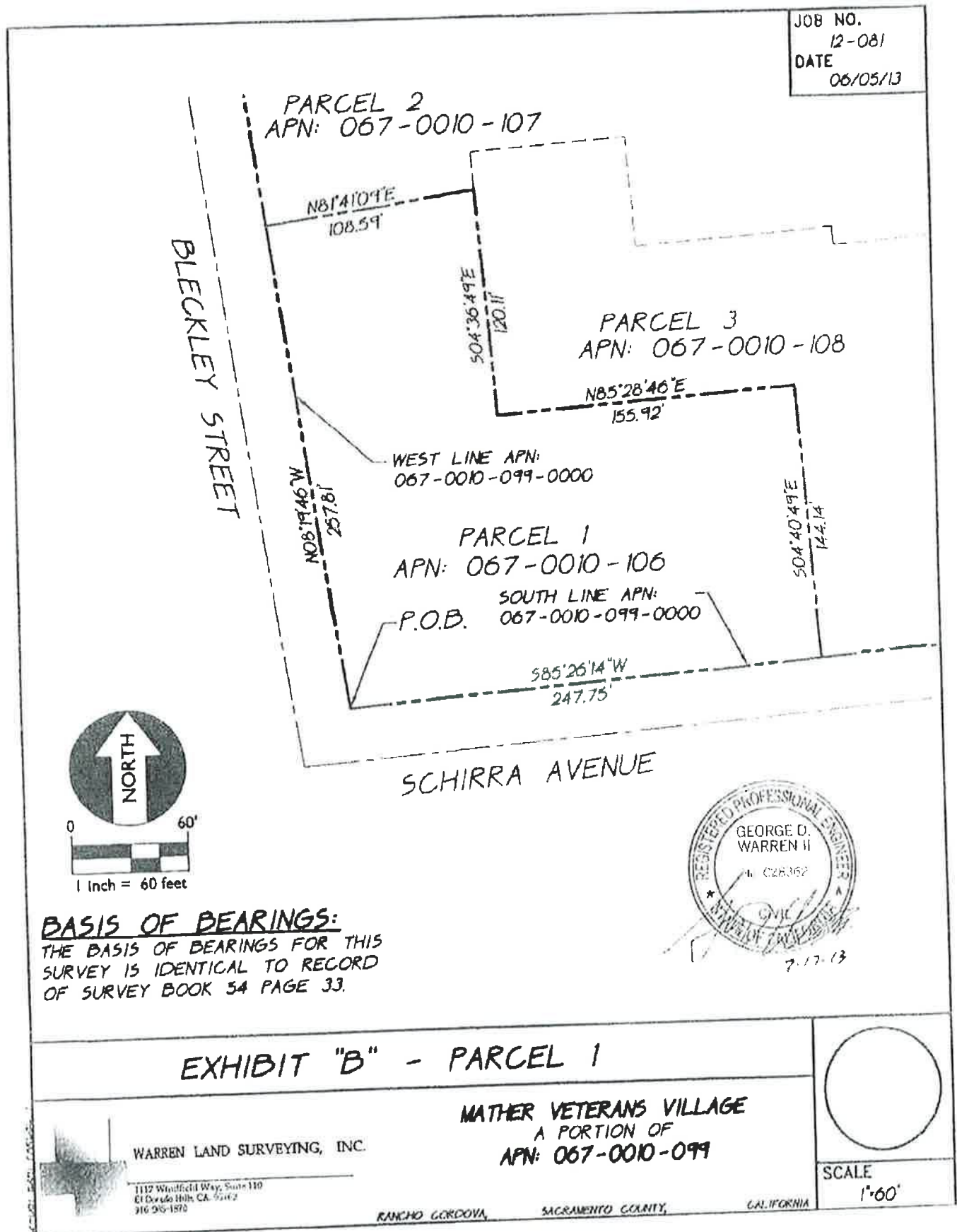
The basis of bearings for this description is identical to that certain Record of Survey filed in Book 54 at page 33 official records on file in the Office of the Recorder, County of Sacramento, State of California.

End of Description

Prepared By: Warren Land Surveying, Inc.
1117 Windfield Way, Ste. 110
El Dorado Hills, CA 95762

07/17/13







Fidelity National Title Company

PRELIMINARY REPORT

In response to the application for a policy of title insurance referenced herein, Fidelity National Title Company hereby reports that it is prepared to issue, or cause to be issued, as of the date hereof, a policy or policies of title insurance describing the land and the estate or interest therein hereinafter set forth, insuring against loss which may be sustained by reason of any defect, lien or encumbrance not shown or referred to as an exception herein or not excluded from coverage pursuant to the printed Schedules, Conditions and Stipulations or Conditions of said policy forms.

The printed Exceptions and Exclusions from the coverage and Limitations on Covered Risks of said policy or policies are set forth in Attachment One. The policy to be issued may contain an arbitration clause. When the Amount of Insurance is less than that set forth in the arbitration clause, all arbitrable matters shall be arbitrated at the option of either the Company or the Insured as the exclusive remedy of the parties. Limitations on Covered Risks applicable to the CLTA and ALTA Homeowner's Policies of Title Insurance which establish a Deductible Amount and a Maximum Dollar Limit of Liability for certain coverages are also set forth in Attachment One. Copies of the policy forms should be read. They are available from the office which issued this report.

This report (and any supplements or amendments hereto) is issued solely for the purpose of facilitating the issuance of a policy of title insurance and no liability is assumed hereby. If it is desired that liability be assumed prior to the issuance of a policy of title insurance, a Binder or Commitment should be requested.

The policy(s) of title insurance to be issued hereunder will be policy(s) of Fidelity National Title Insurance Company, a California corporation.

Please read the exceptions shown or referred to herein and the exceptions and exclusions set forth in Attachment One of this report carefully. The exceptions and exclusions are meant to provide you with notice of matters which are not covered under the terms of the title insurance policy and should be carefully considered.

It is important to note that this preliminary report is not a written representation as to the condition of title and may not list all liens, defects and encumbrances affecting title to the land.

[Signature]
Countersigned



Fidelity National Title Company

BY

[Signature]
President

ATTEST

[Signature]
Secretary

Visit Us on our Website: www.fntic.com



Fidelity National Title Company

ISSUING OFFICE: 11050 Olson Dr., Suite 200 • Rancho Cordova, CA 95670

FOR SETTLEMENT INQUIRIES, CONTACT: Fidelity National Title Company - Sacramento Commercial & Industrial
8950 Cal Center Drive, Bldg. 3, Suite 100 • Sacramento, CA 95826
916 364-4070 • FAX 916 364-4093

PRELIMINARY REPORT

Title Officer: Craig Donner
Escrow Officer: Paul Avila
Escrow No.: 13-**5015037**-PA

Title No.: 13-**5015037**-CD
Locate No.: CAFNT0934-0934-0010-0005015037

TO: City of Rancho Cordova
2729 Prospect Park Drive
Rancho Cordova, CA 95670

ATTN: Reed Flory
YOUR REFERENCE: Mather Veterans Village

PROPERTY ADDRESS: 3611 Bleckely Street, Mather, California

EFFECTIVE DATE: July 23, 2013, 07:30 A.M.

The form of policy or policies of title insurance contemplated by this report is:

1. THE ESTATE OR INTEREST IN THE LAND HEREINAFTER DESCRIBED OR REFERRED TO COVERED BY THIS REPORT IS:

A leasehold as created by that certain lease dated June 25, 2013, executed by County of Sacramento, a political subdivision of the State of California, as lessor, and City of Rancho Cordova, as lessee, as referenced in the document entitled "Lease Agreement", which recorded July 16, 2013, Book 20130716, Page 0600, of Official Records, for the term, upon and subject to all the provisions contained in said document, and in said lease.

2. TITLE TO SAID ESTATE OR INTEREST AT THE DATE HEREOF IS VESTED IN:

3. THE LAND REFERRED TO IN THIS REPORT IS DESCRIBED AS FOLLOWS:

SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF

TP\TP 07/30/2013

Title No. 13-5015037-CD
 Locate No. CAFNT0934-0934-0010-0005015037

LEGAL DESCRIPTION

EXHIBIT "A"

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE UNINCORPORATED AREA, COUNTY OF SACRAMENTO, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

PARCEL ONE:

Being a portion of that certain Parcel of Land containing 3.69 Acres located in the City of Rancho Cordova Assessors Parcel No. 067-0010-099-0000 on file at the Assessors Office, County of Sacramento, State of California. Said 3.69 acres being a portion of that certain parcel containing 16.39 acres shown on the Record of Survey in Book 54 of Surveys at Page 33 on file in the Office of the Recorder, County of Sacramento, State of California.

Beginning at the southwest corner of aforesaid 3.69 acre parcel said point of beginning also bears North 38°33' 14" East 38.36 feet from the centerline intersection of Bleckely Street and Marauder Street (now called Schirra Avenue) as shown on aforesaid Record of Survey. Said Point of Beginning being 28.00 feet easterly from the centerline of Bleckely Street and 28.00 feet northerly from the centerline of Marauder Street (now called Schirra Avenue).

Thence from said Point of Beginning the following six (6) courses.

- 1.) North 08°19'46" West 257.81 feet parallel with and 28.00 feet from the centerline of Bleckely Street
- 2.) North 81°41'09" East 108.59 feet
- 3.) South 04°36'49" East 120.11 feet
- 4.) North 85°28'46" East 155.92 feet
- 5.) South 04°40'49" East 144.14 feet to a point being 28.00 feet northerly of the centerline of Schirra Street.
- 6.) South 85°26'14" West 247.75 feet parallel with and 28.00 feet from the centerline of Schirra Street to the point of beginning.

The basis of bearings for this description is identical to that certain Record of Survey filed in Book 54 at page 33 official records on file in the Office of the Recorder, County of Sacramento, State of California.

PARCEL TWO:

Being located within Parcel 3, Assessor Parcel No. 067-0010-108 of that certain 3.69 Acres located in the City of Rancho Cordova, Assessors Parcel No. of said 3.69 acres 067-0010-099-000 on file at the Assessors Office, County of Sacramento, State of California. Said 3.69 acres being a portion of that certain parcel containing 16.39 acres shown on the Record of Survey in Book 54 of Surveys at Page 33 on file in the Office of the Recorder, County of Sacramento, State of California.

Beginning at point which bears the following four (4) courses from the centerline intersection of Bleckely Street and Marauder Street (now called Schirra Avenue as shown on aforesaid Record of Survey:

- 1.) North 38°33'14" East 38.36 feet to the southwest corner of aforesaid 3.69 acres, said point being on the easterly right of way of Bleckely Street;
- 2.) Along the easterly right of way of Bleckely Street North 08°19' 46" West 357.81 feet;
- 3.) Leaving said easterly right of way North 81°41'09" East 108.59 feet;
- 4.) North 04°36'49" West 7.18 feet to the True Point of Beginning.

Thence from said Point of Beginning the following nine (9) courses:

- 5.) North 85°32'59" East 57.16;
- 6.) South 04°27'01" East 81.54 feet to the north face of exist building;
- 7.) Along the north face of exist building South 85°32'59" West 1.33 feet to the center of existng interior building wall;
- 8.) Along the center of existing interior building wall South 04°27'01" East 5.33 feet to the centerline

EXHIBIT "A" (continued)

Title No. 13-5015037-CD
Locate No. CAFNT0934-0934-0010-0005015037

- intersection of existing interior building walls;
9.) Along the center of existing interior building wall South 85°32'59" West 13.50 feet to the centerline intersection of existing interior building walls;
10.) Along the center of existing interior building wall South 04°27'01" East 6.50 feet to the centerline intersection of existing interior building walls;
11.) Along the center of existing building wall South 85°32'59" West 20.17 feet to the exterior wall of existing building;
12.) Continuing South 85°32'59" West 21.90 feet to a point on the easterly property line of aforesaid Parcel 3;
13.) Along said easterly line of aforesaid Parcel 3 North 04°36'49" West 93.38 feet to the point of beginning;

Air space within the existing building is limited to the first floor from finish floor of the ground floor to bottom of ceiling joist of ground floor being same as the bottom of the second story floor joist.

The basis of bearings for this description is identical to that certain Record of Survey, filed in Book 54, Page 33, on file in the Office of the Recorder, County of Sacramento, State of California.

APN: 067-0010-106, ~~067-0010-108 p.m.~~, Formerly 067-0010-099

Title No. 13-5015037-CD
Locate No. CAFNT0934-0934-0010-0005015037

AT THE DATE HEREOF, ITEMS TO BE CONSIDERED AND EXCEPTIONS TO COVERAGE IN ADDITION TO THE PRINTED EXCEPTIONS AND EXCLUSIONS IN SAID POLICY FORM WOULD BE AS FOLLOWS:

1. **Property taxes**, which are a lien not yet due and payable, including any assessments collected with taxes to be levied for the fiscal year 2013-2014.
2. **The lien of supplemental taxes**, if any, assessed pursuant to the provisions of Chapter 3.5 (Commencing with Section 75) of the Revenue and Taxation code of the State of California.
3. **Any unpaid amounts now owing for municipal services**, of record or not, amounts can be ascertained by contacting the following:

County of Sacramento at (916) 875-5555, and/or including:
City of Sacramento at (916) 808-5454.
City of Folsom at (916) 355-7200.
City of Galt at (209) 366-7150.
City of Elk Grove at (916) 478-3642
City of Rancho Cordova at (916) 638-9000
City of Isleton at (916) 777-7770
City of Citrus Heights at (916) 725-2448
4. **Rights of the public** as to any portion of the land lying within the area commonly known as Beckley Street and Schirra Avenue.
5. The effect of Ordinance No. SZC 97-0021 to establish a special planning area, recorded June 25, 1997, in Book 970625, Page 294, Official Records.
6. Easements for electric, telecommunications and natural gas systems, as disclosed by Agreement Relating to Easements and Other Rights, recorded January 8, 1998, in Book 19980108, Page 64, Official Records, and recorded January 8, 1998, in Book 19980108, Page 66, Official Records, and recorded January 8, 1998, in Book 19980108, Page 68, Official Records.
7. **Easement(s)** for the purpose(s) shown below and rights incidental thereto as granted in a document.

Granted to: Sacramento Municipal Utility District
Purpose: Electrical substation, overhead and underground electrical supply systems
Recorded: February 9, 1998, Book 19980209, Page 566, of Official Records
8. **Matters** contained in that certain document entitled "QUITCLAIM DEED, CERCLA 120 (h) NOTICES, COVENANTS, AND ENVIRONMENTAL RESTRICTIONS" dated April 30, 2013, executed by The United States of America executed by and between County of Sacramento, a political subdivision of the State of California recorded May 3, 2013, Book 20130503, Page 1295, of Official Records.

Reference is hereby made to said document for full particulars.

ITEMS: (continued)

Title No. 13-5015037-CD
Locate No. CAFNT0934-0934-0010-0005015037

9. The description used in this report was provided to the Company and is being used to facilitate this transaction. It is not to be used in any document or evidence of title until it has been properly created of record without management approval.

10. **Any rights of the parties in possession** of a portion of, or all of, said land, which rights are not disclosed by the public record.

This Company will require, for review, a full and complete copy of any unrecorded agreement, contract, license and/or lease, together with all supplements, assignments and amendments thereto, before issuing any policy of title insurance without excepting this item from coverage. The Company reserves the right to except additional items and/or make additional requirements after reviewing said documents.

11. **The transaction contemplated** in connection with this Report is subject to the review and approval of the Company's Corporate Underwriting Department. The Company reserves the right to add additional items or make further requirements after such review.

END OF ITEMS

- Note 1.** **The application** for title insurance was placed by reference to only a street address or tax identification number.

Based on our records, we believe that the description in this report covers the parcel requested, however, if the legal description is incorrect a new report must be prepared.

If the legal description is incorrect, in order to prevent delays, the seller/buyer/borrower must provide the Company and/or the settlement agent with the correct legal description intended to be the subject of this transaction.

- Note 2.** If a county recorder, title insurance company, escrow company, real estate broker, real estate agent or association provides a copy of a declaration, governing document or deed to any person, California law requires that the document provided shall include a statement regarding any unlawful restrictions. Said statement is to be in at least 14-point bold face type and may be stamped on the first page of any document provided or included as a cover page attached to the requested document. Should a party to this transaction request a copy of any document reported herein that fits this category, the statement is to be included in the manner described.

NOTES: (continued)

Title No. 13-**5015037**-CD
Locate No. CAFNT0934-0934-0010-0005015037

Note 3. Wiring instructions for Fidelity National Title Company, Sacramento, CA, are as follows:

Receiving Bank:	Citibank (West), F.S.B. 1116 Alhambra Blvd. Sacramento, CA 95816
ABA Routing No.:	321171184
Credit Account Name:	Fidelity National Title Company - Sacramento Commercial & Industrial 8950 Cal Center Drive, Bldg. 3, Suite 100, Sacramento, CA 95826
Credit Account No.:	202125712
Escrow No.:	13- 5015037 -PA

These wiring instructions are for this specific transaction involving the Title Department of the Rancho Cordova office of Fidelity National Title Company. These instructions therefore should not be used in other transactions without first verifying the information with our accounting department. It is imperative that the wire text be exactly as indicated. Any extraneous information may cause unnecessary delays in confirming the receipt of funds.

Note 4. Any documents being executed in conjunction with this transaction must be signed in the presence of an authorized Company employee, an authorized employee of an agent, an authorized employee of the insured lender, or by using Bancserv or other approved third-party service. If the above requirements cannot be met, please call the company at the number provided in this report.

END OF NOTES



Exhibit C

Legal Description of Phase I Property

NOTE that Phase 1 of Mather Veterans' Village is comprised of Parcel 1(a land parcel) and Parcel 4 (an air-rights parcel)

**Exhibit A
Legal Description
Parcel 1
APN: 067-0010-106**

Being a portion of that certain Parcel of Land containing 3.69 Acres located in the City of Rancho Cordova Assessors Parcel No. 067-0010-099-0000 on file at the Assessors Office, County of Sacramento, State of California. Said 3.69 acres being a portion of that certain parcel containing 16.39 acres shown on the Record of Survey in Book 54 of Surveys at Page 33 on file in the Office of the Recorder, County of Sacramento, State of California.

Beginning at the southwest corner of aforesaid 3.69 acre parcel said point of beginning also bears North 38°33'14" East 38.36 feet from the centerline intersection of Bleckely Street and Marauder Street (now called Schirra Avenue) as shown on aforesaid Record of Survey. Said Point of Beginning being 28.00 feet easterly from the centerline of Bleckely Street and 28.00 feet northerly from the centerline of Marauder Street (now called Schirra Avenue).

Thence from said Point of Beginning the following six (6) courses.

- 1.) North 08°19'46" West 257.81 feet parallel with and 28.00 feet from the centerline of Bleckely Street
- 2.) North 81°41'09" East 108.59 feet
- 3.) South 04°36'49" East 120.11 feet
- 4.) North 85°28'46" East 155.92 feet
- 5.) South 04°40'49" East 144.14 feet to a point being 28.00 feet northerly of the centerline of Schirra Street.
- 6.) South 85°26'14" West 247.75 feet parallel with and 28.00 feet from the centerline of Schirra Street to the point of beginning.

Containing 48,608.00 Square feet or 1.11 acres

The basis of bearings for this description is identical to that certain Record of Survey filed in Book 54 at page 33 official records on file in the Office of the Recorder, County of Sacramento, State of California.

End of Description

Prepared By: Warren Land Surveying, Inc.
1117 Windfield Way, Ste. 110
El Dorado Hills, CA 95762

07/17/13



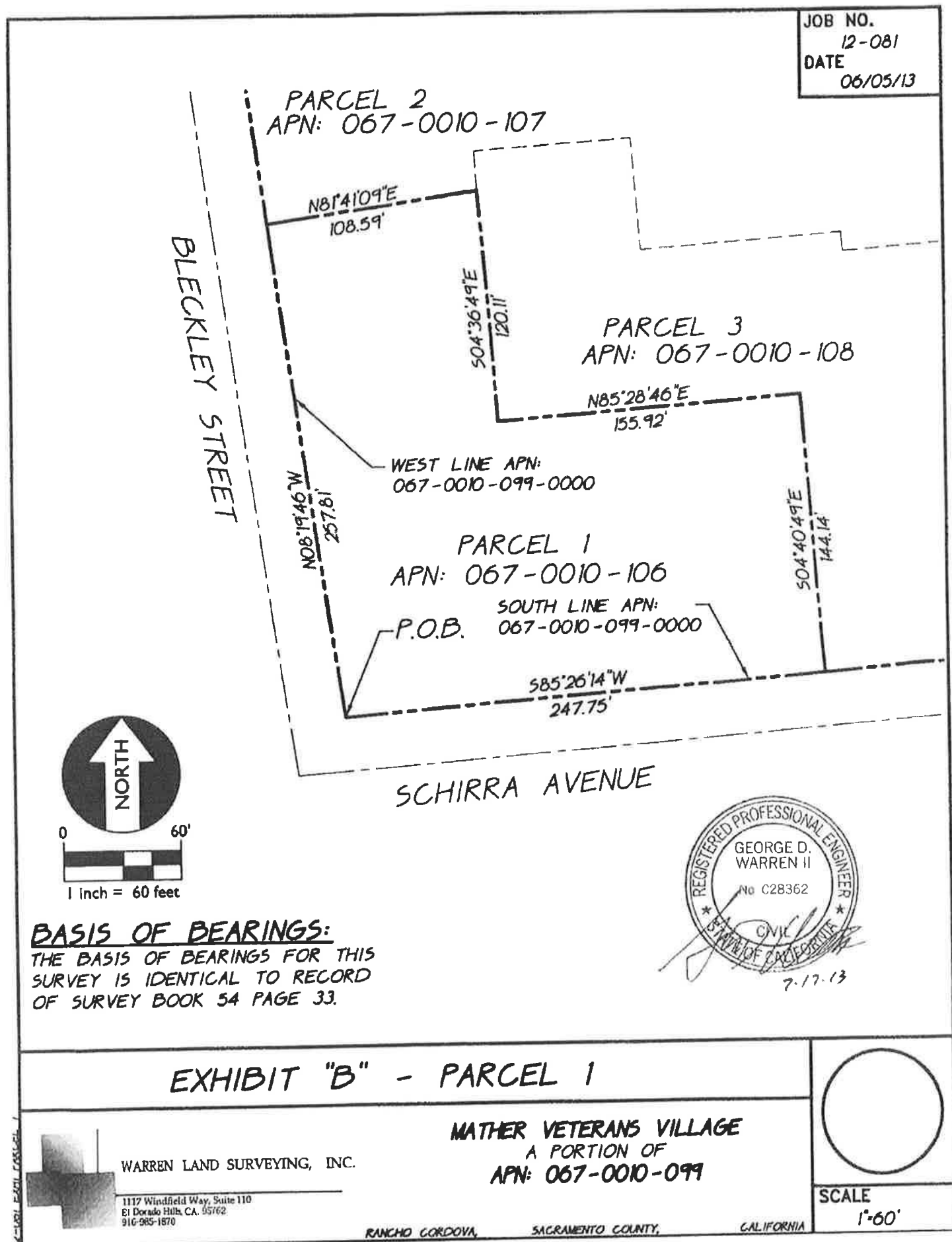


Exhibit A
Legal Description
Parcel 4 Air Rights Parcel
Being a portion of Parcel 3

Being located within Parcel 3, Assessor Parcel No. 067-0010-108 of that certain 3.69 Acres located in the City of Rancho Cordova, Assessors Parcel No. of said 3.69 acres 067-0010-099-000 on file at the Assessors Office, County of Sacramento, State of California. Said 3.69 acres being a portion of that certain parcel containing 16.39 acres shown on the Record of Survey in Book 54 of Surveys at Page 33 on file in the Office of the Recorder, County of Sacramento, State of California.

Beginning at point which bears the following four (4) courses from the centerline intersection of Bleckely Street and Madauder Steet (now called Schirra Avenue as shown on aforesaid Record of Survey:

- 1.) North 38°33'14" East 38.36 feet to the southwest corner of aforesaid 3.69 acres, said point being on the easterly right of way of Bleckely Street;
- 2.) Along the easterly right of way of Bleckely Street North 08°19'46" West 357.81 feet;
- 3.) Leaving said easterly right of way North 81°41'09" East 108.59 feet;
- 4.) North 04°36'49" West 7.18 feet to the True Point of Beginning.

Thence from said Point of Beginning the following nine (9) courses:

- 5.) North 85°32'59" East 57.16;
- 6.) South 04°27'01" East 81.54 feet to the north face of exist building;
- 7.) Along the north face of exist building South 85°32'59" West 1.33 feet to the center of existing interior building wall;
- 8.) Along the center of existing interior building wall South 04°27'01" East 5.33 feet to the centerline intersection of existing interior building walls;
- 9.) Along the center of existing interior building wall South 85°32'59" West 13.50 feet to the centerline intersection of existing interior building walls;
- 10.) Along the center of existing interior building wall South 04°27'01" East 6.50 feet to the centerline intersection of existing interior building walls;
- 11.) Along the center of existing building wall South 85°32'59" West 20.17 feet to the exterior wall of existing building;
- 12.) Continuing South 85°32'59" West 21.90 feet to a point on the easterly property line of aforesaid Parcel 3;
- 13.) Along said easterly line of aforesaid Parcel 3 North 04°36'49" West 93.38 feet to the point of beginning;

Air space within the existing building is limited to the first floor from finish floor of the ground floor to bottom of ceiling joist of ground floor being same as the bottom of the second story floor joist.

Containing 5,221.00 Square feet or 0.11 acres

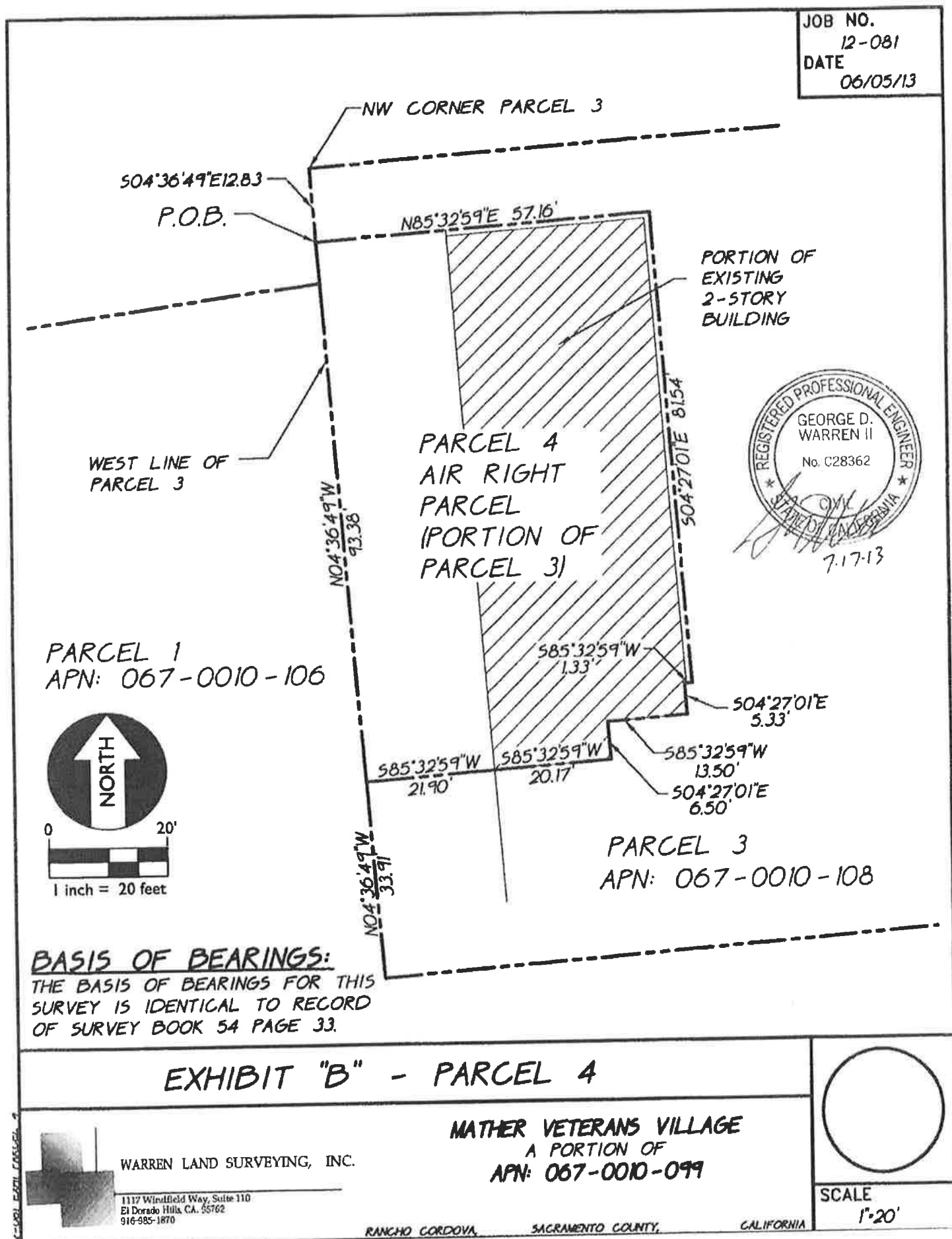
The basis of bearings for this description is identical to that certain Record of Survey, filed in Book 54, Page 33, on file in the Office of the Recorder, County of Sacramento, State of California.

End of Description

Prepared By: Warren Land Surveying, Inc.
1117 Windfield Way, Ste. 110
El Dorado Hills, CA 95762

07/17/13







Fidelity National Title Company

PRELIMINARY REPORT

*In response to the application for a policy of title insurance referenced herein, **Fidelity National Title Company** hereby reports that it is prepared to issue, or cause to be issued, as of the date hereof, a policy or policies of title insurance describing the land and the estate or interest therein hereinafter set forth, insuring against loss which may be sustained by reason of any defect, lien or encumbrance not shown or referred to as an exception herein or not excluded from coverage pursuant to the printed Schedules, Conditions and Stipulations or Conditions of said policy forms.*

The printed Exceptions and Exclusions from the coverage and Limitations on Covered Risks of said policy or policies are set forth in Attachment One. The policy to be issued may contain an arbitration clause. When the Amount of Insurance is less than that set forth in the arbitration clause, all arbitrable matters shall be arbitrated at the option of either the Company or the Insured as the exclusive remedy of the parties. Limitations on Covered Risks applicable to the CLTA and ALTA Homeowner's Policies of Title Insurance which establish a Deductible Amount and a Maximum Dollar Limit of Liability for certain coverages are also set forth in Attachment One. Copies of the policy forms should be read. They are available from the office which issued this report.

This report (and any supplements or amendments hereto) is issued solely for the purpose of facilitating the issuance of a policy of title insurance and no liability is assumed hereby. If it is desired that liability be assumed prior to the issuance of a policy of title insurance, a Binder or Commitment should be requested.

The policy(s) of title insurance to be issued hereunder will be policy(s) of Fidelity National Title Insurance Company, a California corporation.

Please read the exceptions shown or referred to herein and the exceptions and exclusions set forth in Attachment One of this report carefully. The exceptions and exclusions are meant to provide you with notice of matters which are not covered under the terms of the title insurance policy and should be carefully considered.

It is important to note that this preliminary report is not a written representation as to the condition of title and may not list all liens, defects and encumbrances affecting title to the land.

[Signature]
Countersigned



Fidelity National Title Company

BY

[Signature] President

ATTEST

[Signature] Secretary

Visit Us on our Website: www.fntic.com



Fidelity National Title Company

ISSUING OFFICE: 11050 Olson Dr., Suite 200 • Rancho Cordova, CA 95670

FOR SETTLEMENT INQUIRIES, CONTACT: Fidelity National Title Company - Sacramento Commercial & Industrial
8950 Cal Center Drive, Bldg. 3, Suite 100 • Sacramento, CA 95826
916 364-4070 • FAX 916 364-4093

PRELIMINARY REPORT

Title Officer: Craig Donner
Escrow Officer: Paul Avila
Escrow No.: 13-**5015037**-PA

Title No.: 13-**5015037**-CD
Locate No.: CAFNT0934-0934-0010-0005015037

TO: City of Rancho Cordova
2729 Prospect Park Drive
Rancho Cordova, CA 95670

ATTN: Reed Flory
YOUR REFERENCE: Mather Veterans Village

PROPERTY ADDRESS: 3611 Bleckely Street, Mather, California

EFFECTIVE DATE: July 23, 2013, 07:30 A.M.

The form of policy or policies of title insurance contemplated by this report is:

1. THE ESTATE OR INTEREST IN THE LAND HEREINAFTER DESCRIBED OR REFERRED TO COVERED BY THIS REPORT IS:

A leasehold as created by that certain lease dated June 25, 2013, executed by County of Sacramento, a political subdivision of the State of California, as lessor, and City of Rancho Cordova, as lessee, as referenced in the document entitled "Lease Agreement", which recorded July 16, 2013, Book 20130716, Page 0600, of Official Records, for the term, upon and subject to all the provisions contained in said document, and in said lease.

2. TITLE TO SAID ESTATE OR INTEREST AT THE DATE HEREOF IS VESTED IN:
3. THE LAND REFERRED TO IN THIS REPORT IS DESCRIBED AS FOLLOWS:
SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF

TP\TP 07/30/2013

Title No. 13-**5015037**-CD
 Locate No. CAFNT0934-0934-0010-0005015037

LEGAL DESCRIPTION

EXHIBIT "A"

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE UNINCORPORATED AREA, COUNTY OF SACRAMENTO, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

PARCEL ONE:

Being a portion of that certain Parcel of Land containing 3.69 Acres located in the City of Rancho Cordova Assessors Parcel No. 067-0010-099-0000 on file at the Assessors Office, County of Sacramento, State of California. Said 3.69 acres being a portion of that certain parcel containing 16.39 acres shown on the Record of Survey in Book 54 of Surveys at Page 33 on file in the Office of the Recorder, County of Sacramento, State of California.

Beginning at the southwest corner of aforesaid 3.69 acre parcel said point of beginning also bears North 38°33' 14" East 38.36 feet from the centerline intersection of Bleckely Street and Marauder Street (now called Schirra Avenue) as shown on aforesaid Record of Survey. Said Point of Beginning being 28.00 feet easterly from the centerline of Bleckely Street and 28.00 feet northerly from the centerline of Marauder Street (now called Schirra Avenue).

Thence from said Point of Beginning the following six (6) courses.

- 1.) North 08°19'46" West 257.81 feet parallel with and 28.00 feet from the centerline of Bleckely Street
- 2.) North 81°41'09" East 108.59 feet
- 3.) South 04°36'49" East 120.11 feet
- 4.) North 85°28'46" East 155.92 feet
- 5.) South 04°40'49" East 144.14 feet to a point being 28.00 feet northerly of the centerline of Schirra Street.
- 6.) South 85°26'14" West 247.75 feet parallel with and 28.00 feet from the centerline of Schirra Street to the point of beginning.

The basis of bearings for this description is identical to that certain Record of Survey filed in Book 54 at page 33 official records on file in the Office of the Recorder, County of Sacramento, State of California.

PARCEL TWO:

Being located within Parcel 3, Assessor Parcel No. 067-0010-108 of that certain 3.69 Acres located in the City of Rancho Cordova, Assessors Parcel No. of said 3.69 acres 067-0010-099-000 on file at the Assessors Office, County of Sacramento, State of California. Said 3.69 acres being a portion of that certain parcel containing 16.39 acres shown on the Record of Survey in Book 54 of Surveys at Page 33 on file in the Office of the Recorder, County of Sacramento, State of California.

Beginning at point which bears the following four (4) courses from the centerline intersection of Bleckely Street and Marauder Street (now called Schirra Avenue as shown on aforesaid Record of Survey:

- 1.) North 38°33'14" East 38.36 feet to the southwest corner of aforesaid 3.69 acres, said point being on the easterly right of way of Bleckley Street;
- 2.) Along the easterly right of way of Bleckely Street North 08°19 '46" West 357.81 feet;
- 3.) Leaving said easterly right of way North 81°41'09" East 108.59 feet;
- 4.) North 04°36'49" West 7.18 feet to the True Point of Beginning.

Thence from said Point of Beginning the following nine (9) courses:

- 5.) North 85°32'59" East 57.16;
- 6.) South 04°27'01" East 81.54 feet to the north face of exist building;
- 7.) Along the north face of exist building South 85°32'59" West 1.33 feet to the center of existing interior building wall;
- 8.) Along the center of existing interior building wall South 04°27'01" East 5.33 feet to the centerline

EXHIBIT "A" (continued)

Title No. 13-**5015037**-CD
Locate No. CAFNT0934-0934-0010-0005015037

intersection of existing interior building walls;

9.) Along the center of existing interior building wall South 85°32'59" West 13.50 feet to the centerline intersection of existing interior building walls;

10.) Along the center of existing interior building wall South 04°27'01" East 6.50 feet to the centerline intersection of existing interior building walls;

11.) Along the center of existing building wall South 85°32'59" West 20.17 feet to the exterior wall of existing building;

12.) Continuing South 85°32'59" West 21.90 feet to a point on the easterly property line of aforesaid Parcel 3;

13.) Along said easterly line of aforesaid Parcel 3 North 04°36'49" West 93.38 feet to the point of beginning;

Air space within the existing building is limited to the first floor from finish floor of the ground floor to bottom of ceiling joist of ground floor being same as the bottom of the second story floor joist.

The basis of bearings for this description is identical to that certain Record of Survey, filed in Book 54, Page 33, on file in the Office of the Recorder, County of Sacramento, State of California.

APN: 067-0010-106, 067-0010-108 ptn., Formerly 067-0010-099

Title No. 13-**5015037**-CD
 Locate No. CAFNT0934-0934-0010-0005015037

AT THE DATE HEREOF, ITEMS TO BE CONSIDERED AND EXCEPTIONS TO COVERAGE IN ADDITION TO THE PRINTED EXCEPTIONS AND EXCLUSIONS IN SAID POLICY FORM WOULD BE AS FOLLOWS:

1. **Property taxes**, which are a lien not yet due and payable, including any assessments collected with taxes to be levied for the fiscal year 2013-2014.
2. **The lien of supplemental taxes**, if any, assessed pursuant to the provisions of Chapter 3.5 (Commencing with Section 75) of the Revenue and Taxation code of the State of California.
3. **Any unpaid amounts now owing for municipal services**, of record or not, amounts can be ascertained by contacting the following:

 County of Sacramento at (916) 875-5555, and/or including:
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 City of Rancho Cordova at (916) 638-9000
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 City of Citrus Heights at (916) 725-2448
4. **Rights of the public** as to any portion of the land lying within the area commonly known as Beckley Street and Schirra Avenue.
5. The effect of Ordinance No. SZC 97-0021 to establish a special planning area, recorded June 25, 1997, in Book 970625, Page 294, Official Records.
6. Easements for electric, telecommunications and natural gas systems, as disclosed by Agreement Relating to Easements and Other Rights, recorded January 8, 1998, in Book 19980108, Page 64, Official Records, and recorded January 8, 1998, in Book 19980108, Page 66, Official Records, and recorded January 8, 1998, in Book 19980108, Page 68, Official Records.
7. **Easement(s)** for the purpose(s) shown below and rights incidental thereto as granted in a document.

Granted to:	Sacramento Municipal Utility District
Purpose:	Electrical substation, overhead and underground electrical supply systems
Recorded:	February 9, 1998, Book 19980209, Page 566, of Official Records
8. **Matters** contained in that certain document entitled "QUITCLAIM DEED, CERCLA 120 (h) NOTICES, COVENANTS, AND ENVIRONMENTAL RESTRICTIONS" dated April 30, 2013, executed by The United States of America executed by and between County of Sacramento, a political subdivision of the State of California recorded May 3, 2013, Book 20130503, Page 1295, of Official Records.

Reference is hereby made to said document for full particulars.

ITEMS: (continued)

Title No. 13-**5015037**-CD
Locate No. CAFNT0934-0934-0010-0005015037

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This Company will require, for review, a full and complete copy of any unrecorded agreement, contract, license and/or lease, together with all supplements, assignments and amendments thereto, before issuing any policy of title insurance without excepting this item from coverage. The Company reserves the right to except additional items and/or make additional requirements after reviewing said documents.

11. **The transaction contemplated** in connection with this Report is subject to the review and approval of the Company's Corporate Underwriting Department. The Company reserves the right to add additional items or make further requirements after such review.

END OF ITEMS

- Note 1.** **The application** for title insurance was placed by reference to only a street address or tax identification number.

Based on our records, we believe that the description in this report covers the parcel requested, however, if the legal description is incorrect a new report must be prepared.

If the legal description is incorrect, in order to prevent delays, the seller/buyer/borrower must provide the Company and/or the settlement agent with the correct legal description intended to be the subject of this transaction.

- Note 2.** If a county recorder, title insurance company, escrow company, real estate broker, real estate agent or association provides a copy of a declaration, governing document or deed to any person, California law requires that the document provided shall include a statement regarding any unlawful restrictions. Said statement is to be in at least 14-point bold face type and may be stamped on the first page of any document provided or included as a cover page attached to the requested document. Should a party to this transaction request a copy of any document reported herein that fits this category, the statement is to be included in the manner described.

NOTES: (continued)

Title No. 13-**5015037**-CD
Locate No. CAFNT0934-0934-0010-0005015037**Note 3.** Wiring instructions for Fidelity National Title Company, Sacramento, CA, are as follows:

Receiving Bank:	Citibank (West), F.S.B. 1116 Alhambra Blvd. Sacramento, CA 95816
ABA Routing No.:	321171184
Credit Account Name:	Fidelity National Title Company - Sacramento Commercial & Industrial 8950 Cal Center Drive, Bldg. 3, Suite 100, Sacramento, CA 95826
Credit Account No.:	202125712
Escrow No.:	13- 5015037 -PA

These wiring instructions are for this specific transaction involving the Title Department of the Rancho Cordova office of Fidelity National Title Company . These instructions therefore should not be used in other transactions without first verifying the information with our accounting department. It is imperative that the wire text be exactly as indicated. Any extraneous information may cause unnecessary delays in confirming the receipt of funds.

Note 4. Any documents being executed in conjunction with this transaction must be signed in the presence of an authorized Company employee, an authorized employee of an agent, an authorized employee of the insured lender, or by using Bancserv or other approved third-party service. If the above requirements cannot be met, please call the company at the number provided in this report.

END OF NOTES

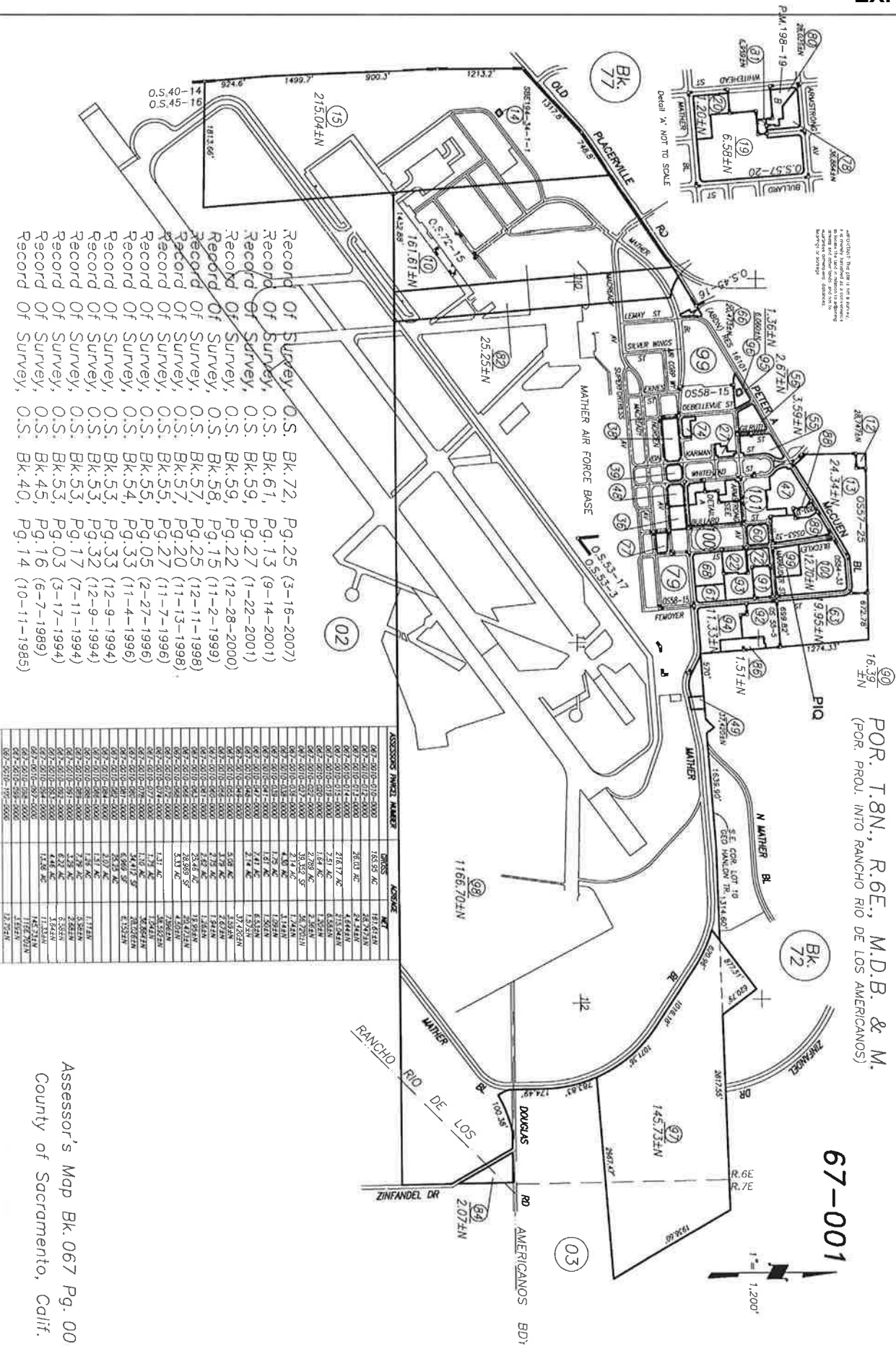


Exhibit D

Bill of Sale (Old Infirmary Building)

Bill of Sale/ 3611 Bleckely Street
Project No. _____

BILL OF SALE

This BILL OF SALE is executed as of the 25th day of June, 2013, by the **County of Sacramento**, a political subdivision of the State of California ("**Seller**"), in favor of the **City of Rancho Cordova**, a California incorporated municipality ("**Purchaser**").

Recitals

- A. Seller and Purchaser have entered into a separate 99-year Lease Agreement ("the Lease Agreement") for an area of approximately 3.69 acres located at 3611 Bleckely Street, Mather, California 95655, being a APN 067-0010-099.
- B. Under the Lease Agreement, Purchaser will operate a veterans' affordable housing program on the leased premises.
- C. The leased premises includes an existing two-story, 24,093 square foot building known as "Building 1770" and more commonly identified as the Mather Infirmary; a small shed, and a small building containing mechanical equipment (collectively, the "Structures"); that Seller desires to convey as personal property, separate from the underlying land, to Purchaser. The Structures are more particularly identified in Attachment A to this Bill Of Sale.
- D. Purchaser desires to acquire the Structures from Seller as personal property, separate and apart from the underlying real property.

NOW THEREFORE, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Seller agrees as follows:

Section 1. Recitals Incorporated By Reference

The above Recitals are hereby incorporated into this Bill of Sale as though fully set forth as terms of the sale.

Section 2. Grant

Seller grants, conveys and transfers to Purchaser all of Seller's rights to the Structures. It is understood by the Seller and Purchaser that the Structures are conveyed to City separate and apart from the land beneath them, such that Seller shall remain the owner of all real property constituting APN 067-0010-099. Purchaser has obtained access rights to the Structures by and through the Lease Agreement.

///

Bill of Sale/ 3611 Bleckely Street
Project No. _____

Section 3. No Warranties

Seller makes no warranties or representations concerning the condition or suitability of the Structures. Purchaser accepts the Structures "as is" and shall accept all risk and liability associated with ownership of the Structures.

Section 4. Governing Law

This Bill of Sale shall be binding upon and inure to the benefit of the successors, assigns, personal representatives, heirs and legatees of Seller and Purchaser. This Bill of Sale shall be governed by, interpreted under, and construed and enforceable in accordance with the laws of the State of California.

IN WITNESS WHEREOF, Seller has executed and delivered this Bill of Sale as of the date first written above.

By: **County Of Sacramento**

By: 
TROY EVANS

6-25-13
Date

Under delegated authority by
Resolution No. 2013-0391
Dated: 6-18-13

Approved As To Form


County Counsel

6-24-13
Date

Bill of Sale/ 3611 Bleckely Street

Project No. _____

STATE OF California)COUNTY OF Sacramento)

On June 25th, 2013, before me, Mark E. Daily, a
notary public, personally appeared Troy Givans

proved to me on the basis of satisfactory evidence to be the person(s) whose name is(are)
subscribed to the within instrument and acknowledged to me that he/~~she/they~~ executed
the same in his/~~her/their~~ authorized capacity(ies), and that by his/~~her/their~~ signature(s) on
the instrument the person(s), or the entity upon behalf of which the person(s) acted,
executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that
the foregoing paragraph is true and correct.



Witness my hand and official seal.

Signature: M. E. Daily (Seal)

2062729.2

EXHIBIT E

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:
[FOR RECORDER'S USE ONLY]

GUBB & BARSHAY LLP
505 14th Street, Suite 1050
Oakland, CA 94612
Attn: Natalie L. Gubb

**DECLARATION ESTABLISHING RECIPROCAL EASEMENTS AND
COVENANTS RUNNING WITH THE LAND
FOR THE MIXED USE DEVELOPMENT LOCATED AT
_____, RANCHO CORDOVA, CA
(MATHER VETERANS' VILLAGE)**

**DECLARATION ESTABLISHING RECIPROCAL
EASEMENTS AND
COVENANTS RUNNING WITH THE LAND**

**FOR THE MIXED USE DEVELOPMENT LOCATED AT
_____, RANCHO CORDOVA, CALIFORNIA**

(MATHER VETERANS' VILLAGE)

This Declaration Establishing Reciprocal Easements and Covenants Running with the Land ("REA") is entered into as of _____, 2013, by the **City of Rancho Cordova**, a California municipal corporation ("Declarant").

RECITALS

A. The County of Sacramento ("County") is the fee owner of the land located at _____, Rancho Cordova, California, described in Exhibit A attached hereto ("Land"). The County has ground leased the Land to the Declarant pursuant to a lease dated as of June 24, 2013 (the "County Lease").

B. Pursuant to the County Lease, the Declarant is the fee owner of the improvements located on the Land. The Improvements consist of a two-story infirmary building (the "Building"), which contains a sub-floor basement, first (ground) floor, and second floor.

C. Declarant intends to subdivide the Building into two legal parcels. "Parcel 3" will consist of approximately 60,129 square feet, consisting of the entire basement, a portion of the first floor, and the entire second floor of the Building. "Parcel 4" will consist of approximately 5,221 square feet as land area and a portion of the first floor of the Building.

D. Each of Parcel 3 and Parcel 4 may be referred to individually as a "Parcel" or collectively as the "Parcels." Each of the Parcels is shown on that certain parcel map entitled "Parcel Map No. ____" filed for record in the Assessor-Recorder of the Sacramento County ("Official Records"), on _____ in Book ____ of Parcel Maps, pages ____ through ____, inclusive ("Map"). A copy of the final, approved (but unrecorded) Map is attached hereto as Exhibit B. A legal description of Parcel 3 is attached hereto as Exhibit C, and a legal description of Parcel 4 is attached hereto as Exhibit D.

E. Following recordation of the Map and this REA, the Declarant will sublease Parcel 3 to [Veterans Resource Center of America], and will sublease Parcel 4 to Mercy Housing California 61, L.P., a California limited partnership (each a

“Subtenant”). The subleases to be entered into between Declarant and each Subtenant are referred to, respectively, as the “Parcel 3 Sublease” and the “Parcel 4 Sublease.”

F. The City of Rancho Cordova requires that this REA be recorded prior to and as a condition of the subdivision of the Building into Parcel 3 and Parcel 4, and as a condition of the Declarant’s ability to lease the Parcels to each Subtenant. Therefore, the Declarant is initially the sole party to this REA, rather than each Subtenant being an initial party to this REA.

G. The covenants, operating restrictions and easements created hereby are intended to support the efficient use of the Building as a mixed-use Building and provide for the rights, duties and obligations incidental to or necessary for the use and enjoyment of each Parcel by each Subtenant in accordance with the purposes for which the improvements thereon are constructed. The covenants herein created are intended to be enforceable as covenants running with the land and binding on each Subtenant pursuant to California Civil Code Section 1468. Any sublease transferring leasehold ownership in a Parcel to a Subtenant, including but not limited to the Parcel 3 Sublease and the Parcel 4 Sublease, may, but shall not be required to, expressly state that the Subtenant is taking leasehold title to a Parcel subject to the terms of this REA.

NOW, THEREFORE, Declarant hereby creates and establishes easements, covenants and restrictions which shall run with the land and be binding upon and inure to the benefit of the Subtenants of Parcel 3 and Parcel 4 and their respective successors in title to each Parcel or any part thereof, or any interest therein as part of a common plan to regulate and govern the use and occupancy of the Building and to enhance the value thereof, and for other beneficial purposes.

1. DEFINITIONS

1.1 Common Building Component means any portion of the Improvements which provides support for the Improvements located on both Parcels, or which is otherwise shared in common by the Improvements located on both Parcels, including without limitation, common walls, footings, supports, roofs and Structural Components, and any Utility Facilities (as defined below) that serve or benefit both Parcels.

1.2 Effective Date means the date of the recording of this REA in the Official Records.

1.3 Emergency means a medical emergency which occurs in one of the Parcels, fire or earthquake affecting the Improvements, or other situation resulting in an imminent threat to the life or safety of persons residing or located in the Improvements, or to any portion of the Improvements, the damage to or destruction of which impacts the operations of Parcel 3 or Parcel 4, or the personal property located in the Improvements.

1.4 Force Majeure means any delay directly affecting a Party's performance of its obligations under the REA which is caused by fire, earthquake or other acts of God, strike, lockout, acts of public enemy, riot, insurrection, or governmental regulation of the sale or transportation of materials, supplies or labor; provided that failure to lease or sell or to obtain a satisfactory mortgage commitment or equity or operating funds is not an event of Force Majeure.

1.5 Impositions means all taxes, assessments, water, sewer or similar rents, rates and charges, excises, levies, license fees, permit fees, inspection fees and other authorization fees and other charges (including all interest and penalties thereon), which at any time may be assessed or imposed on or be a lien upon the Building or any part hereof. Impositions shall not, however, include any income, inheritance, franchise or similar tax.

1.6 Improvements means the Building and all other improvements built or installed from time to time in the Building.

1.7 Interest Rate means the lesser of (i) two percent (2%) over the "prime" or "reference" rate announced from time to time by Wells Fargo Bank, N.A., or its successors or assigns, or, (ii) the maximum rate permitted to be charged under California law with respect to such obligation.

1.8 Laws means all applicable laws, statutes, ordinances, regulations, rules, orders and requirements of all governmental and regulatory authorities.

1.9 Limited Partner means, to the extent a Subtenant is a limited partnership, each individual or entity which is a limited partner of a Subtenant, including but not limited to investor limited partners and special limited partners.

1.10 Maintain means to undertake Maintenance.

1.11 Maintenance means the maintaining (including cleaning) and repairing of any improvement on a Parcel or related to an Easement, including any reasonable overhead and third-party costs associated with such work.

1.12 Mortgage means any mortgage, deed of trust, or other conveyance held by a Mortgagee as security for the repayment of indebtedness, which is secured by all or any portion of Parcel 3 or Parcel 4, as applicable, together with all other instruments securing the payment of the indebtedness secured by such mortgage, indenture, deed of trust or other instruments, and all amendments, modifications, supplements and extensions of such instruments.

1.13 Mortgagee means the holder of a Mortgage (including, without limitation, the beneficiary of a deed of trust), including but not limited to _____ as to Parcel 3, _____ as to Parcel 4, and any other holder of a Mortgage which has notified the Parties of its status as such.

1.14 Occupant means each Subtenant entitled under written sublease to occupy a Parcel, or a portion thereof, and each Person entitled to use and occupy any portion of the Building, or one or more of them, as the context may require.

1.15 Subtenant means either Subtenant, as applicable.

1.16 Parcel means either Parcel 3 or Parcel 4. "Parcels" means, collectively, Parcel 3 and Parcel 4.

1.17 Parcel 3 Subtenant means [Veterans Resource Center of California], a California _____, and its successors and assigns, as the owner of a subleasehold interest in Parcel 3.

1.18 Parcel 4 Subtenant means Mercy Housing California 61, L.P., a California limited partnership, and its successors and assigns, as the owner of a subleasehold interest in Parcel 4.

1.19 Party means each Subtenant or any successor Person(s) thereto acquiring such Party's interest in such Parcel or Parcels. "Parties" means all of the foregoing.

1.20 Leasable Square Footage Percentage means the relative percentage of leasable square footage contained in Parcel 3 and Parcel 4. The Leasable Square Footage Percentage of Parcel 3 is _____%, and the Leasable Square Footage Percentage of Parcel 4 is _____%.

1.21 Permittees means all Occupants and their respective officers, directors, employees, agents, partners, contractors, customers, visitors, invitees, licensees and concessionaires.

1.22 Person or Persons means individuals, partnerships, associations, corporations and any other form of business organization, or one or more of them, as the context may require.

1.23 Plans and Specifications means the construction drawings and specifications for the rehabilitation of the Building prepared by Mogavero Notestine Associates dated _____, including [architectural, civil, landscape, structural, mechanical, plumbing and electrical drawing]s, as such Plans and Specifications may be modified from time to time.

1.24 Restoration means the restoration, replacement, or rebuilding of any improvement on a Parcel or related to an Easement, including any overhead and third-party costs associated with such work.

1.25 Rules and Regulations means rules and regulations which may be developed by the Parties for the use of the Improvements, as deemed necessary or desirable by the Parties from time to time, provided that such Rules and Regulations may not be inconsistent with the terms of this REA.

1.26 Structural Components means the horizontal and vertical structural portions of the Improvements, including without limitation portions of the footings, piles, columns, load-bearing walls and other foundation supports.

2. PRIORITY OVER LEASES AND GRANT DEEDS The terms and provisions of this REA are and shall be superior and prior to (i) any subleases, including the Parcel 3 Sublease and the Parcel 4 Sublease, and (ii) any grant deed or other such instrument or agreement creating or transferring an interest in a Parcel. Any such sublease or grant deed may, but is not required to, expressly provide that it is subject and subordinate to this REA. However, this REA shall not relieve any Party from any obligation, or affect or modify any right under, any such sublease or grant deed as to the parties to any such lease or grant deed.

3. EASEMENTS

3.1 General Terms.

(1) All Easements granted hereby shall not merge or terminate during any period in which the Parcels are owned by one Party, but shall continue during the Term as a benefit or obligation, as applicable, of the owner of the applicable Parcel. The Party granting an easement in a Parcel (but retaining subleasehold ownership of such Parcel) is called the "Grantor." The Party to whom an easement in a Parcel is granted is called the "Grantee."

(2) The grant of an easement by a Grantor shall bind and burden its Parcel which shall, for the purpose of this REA, be the servient tenement. The grant of an easement to a Grantee shall benefit its Parcel which shall, for the purpose of this REA, be the dominant tenement.

(3) The word "in" with respect to an easement granted "in" a particular Parcel means, as the context may require, "in", "to", "on", "over", "through", "upon" and "across", or any one or more of the foregoing.

(4) Unless provided otherwise, all easements granted hereunder are non-exclusive, perpetual and irrevocable by the Grantor, available for the use of the Grantee and its Permittees, shall run with the land and be appurtenant to the ownership of Parcels as described in this REA. No easement may be conveyed separate and apart from ownership of a Parcel.

(5) No easement rights shall exist until this REA has been executed and recorded in the Official Records. All easements granted hereunder shall exist as of

the Effective Date hereof by virtue of this REA, without the necessity of confirmation by any other document.

3.2 Location of Easements.

(1) The location of all easements under this Article 3 (including any changes in location thereof) shall be as indicated on the Map or, if not indicated on the Map, then shall be subject to the approval of the Grantor of each Parcel, which shall not be unreasonably withheld, conditioned or delayed. It shall be considered reasonable to withhold consent if the location of the easement(s) imposes an unreasonable structural load on, shall materially increase the costs of operating, Maintaining or insuring, or shall be incompatible with the design and/or materials of, the then-existing Improvements on the other Parcel.

(2) Notwithstanding the foregoing, Declarant hereby approves the general locations of the easements described in this Article 3 which are not shown on the Plans and Specifications or the Map.

3.3 Easements for Shared Utility Facilities [CONFIRM IF ANY SHARED UTILITIES FOR WHICH EASEMENTS ARE NEEDED - REVISE THIS SECTION TO REFLECT ANY SHARED UTILITIES]

(1) [Type of utilities] pipes which serve Parcel 4 will run from _____ through Parcel 3 to reach Parcel 4.

(2) The Parcel 3 Subtenant hereby grants to the Parcel 4 Subtenant a non-exclusive perpetual easement for _____.

3.4 Easements for Access to and Use of Basement Facilities.

(1) The basement of the Building, which is entirely part of Parcel 3, includes **[IS THERE ANYTHING IN THE BASEMENT THAT IS USED BY PARCEL 4?]** which serve Parcel 4 (collectively, the "Parcel 3 Basement Facilities"). The basement can be accessed by a stairway located on the first floor of Parcel 3 (the "Basement Stairway").

(2) The Parcel 3 Subtenant hereby grants to the Parcel 4 Subtenant a non-exclusive perpetual easement over Parcel 3 for access to and over the Basement Stairway from the first floor of Parcel 3 to the Basement for the installation, use, Maintenance, relocation and Restoration of the Parcel 3 Basement Facilities as necessary to serve Parcel 3.

3.5 Easements for Access to and Use of Rooftop Building Systems.

(1) The roof of the Building, which is entirely part of Parcel 3, includes systems serving Parcel 4, including but not limited to [WHAT ROOFTOP SYSTEMS

SERVE PARCEL 4?] (collectively, the "Parcel 4 Rooftop Building Systems"). Parcel 3 includes a stairway (the "Roof Stairway") which can be accessed from _____ and which provides access to the roof.

(2) The Parcel 3 Subtenant hereby grants to the Parcel 4 Subtenant a non-exclusive perpetual easement over Parcel 3 for access to and over the Roof Stairway from the first floor of Parcel 3 to the Rooftop Building Systems for the installation, use, Maintenance, relocation and Restoration of the Rooftop Building Systems as necessary to serve Parcel 3.

3.6 Easements for Utility Facilities. [CONFIRM IF NECESSARY BASED ON LOCATION OF UTILITIES]

(1) To the extent not already provided above in this Article 3, each Subtenant, as a Grantor, hereby grants to the Subtenant of the other Parcel, as a Grantee, easements ("Utility Easements") in such portions of each Grantor's Parcel as may be necessary, from time to time, for the installation, use, Maintenance, relocation, Restoration and removal of electrical, gas, water, and sanitary and storm sewer lines and facilities, exhaust, vent, heating and air-conditioning facilities, plumbing systems, data, telephone and cable television systems, drainage facilities, garbage chutes, life-safety systems (including, without limitation, sprinkler systems) and all other utility systems and facilities, including all pipes, wires, conduits and the equipment associated with the foregoing, as well as dedicated vaults, chases and rooms that are designed and constructed to deliver utility services to the Improvements on the Parcel of the Grantee, or to remove waste, including storm and sanitary sewer pipes, from such Parcel (collectively, the "Utility Facilities").

(2) Any installation, use, Maintenance, relocation, Restoration and/or removal of any Utility Facilities serving only one Parcel shall be performed at the sole cost and expense of the Subtenant of such Parcel. Each Grantor shall also have the right, in an Emergency, or in the case of an interruption of utility service or operations serving a Grantor's Parcel, or damage to or destruction of a Utility Facility that threatens an interruption of utility service or operations serving a Grantor's parcel, to repair or replace any of Grantee's Utility Facilities wherever located and charge the Grantee for the reasonable costs of such repair or replacement.

(3) A Grantor may, if deemed reasonably necessary by such Grantor or if required by applicable law, relocate on its Parcel any of Grantee's Utility Facilities installed thereon under any Utility Easement, provided such relocation:

(a) may be performed only after Grantor has given Grantee thirty (30) days' notice of Grantor's intent to relocate such Facilities and has set forth in such notice the reasons why such relocation is reasonably required;

(b) shall not interfere with or diminish the Utility Facilities to the Grantee; however, temporary interference with or diminution in such Utility Facilities

shall be permitted if: (i) Grantor uses reasonable efforts to cause the work to be done during hours that least interfere with Grantee's business, and (ii) Grantor promptly reimburses Grantee for the actual direct third party cost, expense and loss (excluding any estimated unrealized operating profits) incurred by Grantee as a result of such interference or diminution;

(c) shall not reduce or unreasonably interfere with the usefulness or function of Grantee's Utility Facilities; and

(d) shall be performed at Grantor's sole cost.

3.7 Maintenance, Construction and Support Easements.

(1) The Parcel __ Subtenant hereby grants to the Parcel __ Subtenant non-exclusive perpetual easements over Parcel 3 as necessary for the Parcel __ Subtenant to perform its obligations under Section 5.2. [THIS SECTION WILL DEPEND ON TYPE OF AND RES RESPONSIBILITY FOR CAPITAL OBLIGATIONS UNDER SECTION 5.2]

(2) Each Grantor hereby grants to the Grantee of the other Parcel non-exclusive perpetual easements onto and through such portions of the Grantor's Parcel which are reasonably necessary for the installation, use, Maintenance, relocation, Restoration, and strengthening of Common Building Components serving the Grantee's Parcel.

(3) Each Grantor hereby grants to the Grantee of the other Parcel non-exclusive perpetual easements onto and through such portions of the Grantor's Parcel which are reasonably necessary for the right of support and for the installation, use, Maintenance, relocation, Restoration, and strengthening of, any Structural Components required to support Grantee's Improvements.

(4) Each Grantor hereby grants to the Grantee of the other Parcel non-exclusive perpetual easements onto and through such portions of the Grantor's Parcel which are reasonably necessary for the installation, use, Maintenance, Restoration and removal of any Improvements such as marquees, canopies, lights and lighting devices, awnings, alarm bells, security cameras, electrical or similar vaults, roof flashings, roof and building overhangs and other overhangs encroaching upon Grantor's Parcel in accordance with the Plans and Specifications or as otherwise approved by the Grantor in writing and which are reasonably necessary for the use and operation of the Grantee's Parcel.

(5) Each Grantor hereby grants to the Grantee of the other Parcel a perpetual non-exclusive easement in the lower and upper surfaces of its parcel as reasonably necessary to use the ceiling and floor Improvements on the Grantee's Parcel for their intended purposes.

(6) Improvements constructed by the Grantee on an easement for support shall be designed so as not to impose on the Grantor's Parcel or Improvements thereon any load in excess of that for which the Improvements on the Grantor's Parcel were designed. The load created by the construction of Improvements pursuant to the original Plans and Specifications is hereby approved.

(7) Each Grantor covenants that if all or any part of the Improvements on its Parcel is removed or destroyed at a time when it is not required to perform Restoration of the same under this REA, it will leave in place any undamaged Common Building Components benefiting the Parcel of the other Party. Each Grantor shall be required to leave such Common Building Components in place only so long as the Improvements of the Grantee remain in existence. Grantee's Improvements shall be deemed to remain in existence even if damaged or destroyed if the Grantee commences (or gives notice it will commence) Restoration thereof within two (2) years.

(8) If any Improvements containing Common Building Components are damaged, destroyed or condemned, and the Grantor of the Parcel on which such Common Building Components are located is not otherwise required to perform Restoration of such Common Building Components under this REA, then such Grantor shall first decide as promptly as possible, but in no case later than ten (10) business days after the applicable damage, destruction, or condemnation, whether or not to perform Restoration of such Common Building Components. If such Grantor decides not to perform such Restoration within such ten (10) business days, then Grantee is hereby granted an easement for access in the servient tenement for Restoration of such Common Building Components. If Grantee effects Restoration of Common Building Components on the Grantor's Parcel, such Restoration shall be undertaken so as to minimize, to the extent consistent with the circumstances, the effect of such Restoration on any Improvements remaining on, and the future development potential of, the Grantor's Parcel which are not necessary in order for the Common Building Components to operate to service such Grantee's Parcel.

3.8 Encroachment Easements.

(1) Each Grantor hereby grants to the Grantee an easement on the Grantor's Parcel for the purpose of accommodating any minor encroachment as a result of construction, reconstruction, repair, settlement or shifting or movement of any Improvement within a Parcel which occurs for any reason, solely to the extent of such encroachment; provided, however, that in no event shall a valid easement for encroachment be created as a result of a Party's willful misconduct or gross negligence.

(2) There shall be valid easements for the Maintenance of said minor encroachments so long as they exist, and the rights and obligations of the Parties shall not be altered in any way by said encroachment(s).

(3) If the Building is partially or totally destroyed, and then repaired or rebuilt in substantially the same manner as originally constructed, the Parties agree that

minor encroachments over the abutting Parcel arising from such rebuilding shall be permitted and that there shall be valid easements for the Maintenance of said minor encroachments so long as they exist.

(4) To the extent that the encroachments onto a Parcel by the other Parcel are reasonably deemed by a Party to be more than minor, the Parties shall cause to be prepared an amended and restated Map to reflect the actual boundaries of each Parcel, which will be recorded in the Official Records to amend and restate the Map, and the Parties shall prepare such amendments to this REA as the Parties reasonably agree are necessary in light of such encroachments and any amendments or restatements of the Map. The Party responsible for the encroachments shall be responsible for payment of costs incurred to perform the actions described in this Section 3.8(4).

3.9 Use and Maintenance of Easements.

(1) Each Grantee agrees to use due care in exercising the rights granted under this Article 3, and to comply with all applicable Laws and any governmental approval, permit or license.

(2) Each Grantee's use of the easements shall not unreasonably interfere with or interrupt the operations of the servient tenement, and shall not damage, injure or otherwise adversely affect any Improvements on the Grantor's Parcel (including the structural integrity thereof), and all due care shall be exercised to not disturb tenants in possession. Further use of all easements shall be subject to the reasonable security, health and safety requirements of the servient tenement.

(3) Before entering upon Grantor's Parcel to exercise Grantee's rights hereunder, the Grantee shall first obtain Grantor's consent as to the methods and timing in exercising such rights, which consent shall not be unreasonably withheld or delayed, shall exercise such rights so as to minimize disturbance to Occupants, and such use shall be subject to Grantor's reasonable security requirements.

(4) Each Grantee, at its expense, shall promptly repair, replace or perform Restoration of any and all of Grantor's Improvements which have been disturbed, damaged or destroyed by Grantee in exercising its rights with respect to the easements granted under this Article 3 to substantially the same condition as before such exercise commenced; provided, however, that nothing in this Section 3.9(4) shall provide Grantee with the right to disturb, damage or destroy any of Grantor's Improvements.

(5) The Parties shall not enter into any agreement, make any conveyance or transfer any interest in all or any portion of their respective Parcels or do or suffer any other act which, in any case, would unreasonably interfere with the use and enjoyment of the easements by the benefited Parcels.

(6) Except as otherwise provided in this REA, each of the Parties shall Maintain and repair, at its cost and expense, the Improvements owned by it within which the easements are located, in such condition and to such extent as is necessary so that no unreasonable interference with the use and benefit of the easements results; provided, however, the obligations to Maintain and repair the Improvements within which the easements are located shall be limited to normal and routine Maintenance and repair activities, and shall not otherwise affect Grantor's rights to use such easement areas.

3.10 Construction

(1) Before commencing any construction work permitted or required under this REA that the Party intending to perform such work reasonably believes may materially interfere with the other Party's right to use an easement, the Party proposing such work shall give notice of its desire to perform such work and, with such notice, shall submit or cause to be submitted to the other Party a proposed schedule for the commencement and completion of such work, plans and specifications for such work, and the names/identities of the persons who will be performing such work and the professional licenses held by such persons. The affected Party shall thereafter review and reasonably approve or disapprove same. If the affected Party fails to respond within ten (10) business days of written request for approval, the plans and specifications and all other information submitted for approval shall be deemed approved.

(2) All construction work undertaken on any portion of the Parcels which affects easements granted under this Article 3 shall be accomplished in the most expeditious and diligent manner practicable and in accordance with the provisions of Article 4 of this REA.

(3) Any work performed in connection with any Utility Facilities shall be performed so as to minimize interference with the provision of such services to all Occupants.

(4) In no event shall the performance of work preclude access to either Parcel 3 (by work performed within or to Parcel 4) or Parcel 4 (by work performed within or to Parcel 3).

(5) Notwithstanding anything to the contrary herein, in an Emergency or other situation described in Section 3.6(2) regarding the actual or threatened interruption of utility service or operations serving a Party's Parcel, either Party may undertake necessary construction work to address such Emergency or other situation described in Section 3.6(2), provided the Party acts in good faith and reasonably gives notice thereof to the other Party as soon as possible and otherwise conforms to the applicable provisions of this Section to the extent feasible.

3.11 No Merger. The easements herein created and the covenants herein described shall not be extinguished by merger of any or all of the ownership of any interest in more than one Parcel or leasehold interest in any one Party.

3.12 No Interference. Notwithstanding anything to the contrary in this REA, no Party shall enter into any agreement, make any conveyance or transfer any interest in all or any portion of its Parcel or do or suffer any other act which would unreasonably interfere with the use and enjoyment of the easements for the benefit of the benefited Parcel. Each Party shall use its best efforts to cause each of its respective Occupants and Permittees to comply with each of the obligations, covenants and conditions in this REA, the Rules and Regulations, and any other rules promulgated under this REA which are applicable to such Party's Parcel.

3.13 Modification or Revocation. The easements herein created may not be modified, revoked or terminated in any manner that would cause violation of any applicable building codes, ordinances or governmental use permits granted for the construction and use of the Improvements.

4. GENERAL CONSTRUCTION REQUIREMENTS

4.1 Construction Approval. All construction required or permitted hereunder shall require the approval of all Parties before commencement thereof, other than (a) activities permitted or required under Article 5, (b) non-structural modifications or alterations of any Improvement within a Parcel, and (c) any changes to the interiors of the Improvements within a Parcel that do not interfere with the use of any easement and do not change the exterior design, exterior materials or exterior color of any Improvement within a Parcel.

4.2 License for Construction. Each Grantee ("Licensee") shall have a temporary license to use portions of the Parcel of the Grantor ("Licensor") for construction work in connection with construction of its Improvements on its Parcel in accordance with the Plans and Specifications and applicable law. Such license shall be limited to portions of the Licensor's Parcel reasonably necessary to perform such work ("License Area"), and the Licensee shall use reasonable efforts to minimize any disruption or interference with Licensor's operations. When the work pursuant to the Plans and Specifications is completed, the license granted under this section shall automatically terminate, and the Licensee shall promptly restore the License Area and any other affected portions of the Building to the condition in which it existed before work commenced.

4.3 Performance of Construction.

(1) Each Party shall perform all construction work in a safe, good and workmanlike manner, with first-class materials and in accordance with the plans and specifications for the work, and in compliance with all applicable Laws (including obtaining building, occupancy and other governmental approvals).

(2) Each Party shall perform its construction so as not to: (a) cause any material increase in the cost of construction, insurance or operation of the Parcel of the other Party; (b) unreasonably interfere with any other construction being performed on the Building; (c) unreasonably interfere with the other Party's operations and rights set forth in this REA; or (d) preclude access to either Parcel 3 (by work performed by or on behalf of the Parcel 4 Subtenant) or Parcel 4 (by work performed by or behalf of the Parcel 3 Subtenant).

(3) The Party responsible for the construction work (or its contractor) shall agree to indemnify, defend and hold each other Party harmless from and against, any and all claims, demands, losses, costs, damages, liabilities, injuries or expenses, including, without limitation, reasonable attorneys' fees and expenses arising from the construction work.

4.4 Liens. Each Party agrees that if any mechanic's lien or other statutory lien is filed or recorded against its Parcel or the other Parcel as a result of the construction work of such Party, it shall pay and discharge the same of record or provide a bond therefor within thirty (30) days after such Party has knowledge of the filing thereof. Each Party shall have the right, but not the obligation, to contest the validity, amount or applicability of any such lien for work done by such Party by appropriate legal proceedings, provided it furnishes a bond or otherwise causes such lien to be released as a lien against each Parcel. If said Party does not, within the time period specified above, contest or cause the same to be released of record by payment or posting of a proper bond, the other Party shall have, in addition to all other remedies provided herein and by law, the right, but not the obligation, to cause the same to be released by such means as it shall deem proper, including without limitation by the payment of the claim giving rise to such lien or by the posting of a bond, and the other Party shall provide reimbursement within thirty (30) days after demand for all such costs incurred, including, without limitation, reasonable attorneys' fees and expenses.

4.5 Notices of Non-Responsibility. Any Party upon whose Parcel any work is to be performed by another and for which such Party did not contract, shall have the right to post such notices of non-responsibility and other notices as may be required to give notice that the Party giving such notice shall not be responsible for payment for such work.

5. MAINTENANCE, REPAIR, ALTERATIONS AND RESTORATION

5.1 Maintenance of Improvements. Except as provided otherwise in the REA, each Party shall Maintain, at its sole cost and expense, the Improvements on its Parcel in good and clean order, repair and condition and in compliance with all Laws and shall make all necessary or appropriate repairs and replacements thereof with materials of good quality, in a good and workmanlike manner, within a reasonable time.

5.2 Activities to be Performed by Each Party; Budget. [SECTION 5.2 TO BE REVISED TO REFLECT CAPITAL OBLIGATIONS (SUCH AS ROOF, PAINTING) AND REIMBURSEMENT PROCESS]

(1) Obligations. Attached hereto as Exhibit E is a list of obligations which the Parcel 3 Subtenant or the Parcel 4 Subtenant, as indicated, is required to perform (the "Capital Obligations"), the estimated annual cost for the performance of the Capital Obligations, and whether the costs for a particular Capital Obligation are to be borne by one party or shared by both Parties (any such shared costs are the "Shared Capital Obligations"). Each Party shall perform those Capital Obligations for which it is responsible under Exhibit E at such times and pursuant to such procedures as the applicable Subtenant shall, from time to time, determine in its reasonable discretion. For purposes of Exhibit E, the Shared Capital Obligations include the payment of insurance premiums for coverages obtained by the Parcel __ Subtenant under Article 8 to which the Parcel __ Subtenant is required to contribute under Article 8. [CONFIRM THAT THERE WILL BE ONE PROPERTY INSURANCE POLICY UNDER ARTICLE 8 AND, IF SO, WHO WILL PROCURE]

(2) Common Building Components. In addition to its Capital Obligations, the Parcel __ Subtenant will perform Maintenance and Restoration of the Common Building Components at such times and pursuant to such procedures as the Parcel __ Subtenant shall, from time to time, determine in its reasonable discretion.

(3) Budgets for Capital Obligations.

(a) The Parties have established a mutually acceptable initial budget for the Capital Obligations which is included within Exhibit E attached hereto (the "Capital Budget").

(b) During the fourth quarter of each year during the Term, starting in 20__, the Parties shall meet and negotiate in good faith to determine (i) the specific capital needs of the Building for the subsequent calendar year with respect to the Capital Obligations, and (ii) changes, if any, to the Capital Obligations and the Capital Budget for the subsequent calendar year. The final Capital Budget for each calendar year shall be subject to the prior approval of each Subtenant and its respective Mortgagees, and such approval shall not be unreasonably withheld, conditioned or delayed. If the Parties are unable to agree on a Capital Budget for the subsequent calendar year by December 31 of any calendar year, then each line item in the Capital Budget for the subsequent calendar year shall be equal to One Hundred Five Percent (105%) of the line item in the current Capital Budget until such time as the Parties have agreed on a Capital Budget for the subsequent calendar year.

(c) Except as otherwise provided in Article 8 with respect to reimbursement for the payment of insurance premiums, within thirty (30) days of the written request of the Parcel __ Subtenant, including a specific description of the

Shared Capital Obligation(s) which the Parcel __ Subtenant has performed, the Parcel __ Subtenant shall pay to the Parcel __ Subtenant _____ percent (__ %) of the cost of such Shared Capital Obligation(s). **[DETERMINE COST SPLIT FOR CAPITAL COSTS – RELATIVE SQUARE FOOTAGE? VALUE?]**

(4) Reserves.

(a) In order to ensure that each Subtenant has adequate funds for the costs of its respective Capital Obligations, each Subtenant shall establish and maintain a reserve account to fund the amounts payable by such Subtenant under this Section 5.2. With respect to the Parcel 4 Subtenant's reserve account, (i) such account may be held by a Mortgagee of Parcel 4, and (ii) withdrawals from such reserve account shall be subject to the prior approval of the Mortgagees of Parcel 4 and the Limited Partners of the Parcel 4 Subtenant to the extent required by such Mortgagees and/or Limited Partners.

(b) The Parties have established annual replacement reserve deposit requirements for funding reserves for the Capital Obligations during the first calendar year of operation of the Building, as set forth on Exhibit E attached hereto. Beginning on the first day of the calendar month following the date that either Subtenant has commenced operations in its respective Parcel (the "Operating Date"), and on the first day of each calendar year thereafter, each Subtenant shall deposit into its respective reserve account the annual deposit amount indicated on Exhibit E, as such amount may be adjusted under Section 5.2(4)(c) below. Required deposits during the first calendar year of operations shall be prorated based on the number of calendar months in that following the Operating Date.

(c) The amount of required annual deposits into each reserve account shall be adjusted annually based on changes to the Capital Budget, if any, made under Section 5.2(3)(b).

5.3 Damage or Destruction to Improvements.

(1) Except as provided otherwise in Sections 3.7(7), 3.7(8) and 5.5 of this REA, if all or any portion of the Improvements is damaged or destroyed, each Party shall commence within one hundred twenty (120) days and promptly complete the Restoration of the Improvements on such Party's Parcel (including Common Building Components, shared Structural Components and shared Utility Facilities), at least to the condition existing before such damage and destruction, in all material respects, to the extent possible under the Laws.

(2) Notwithstanding anything herein to the contrary, if all or any portion of the Improvements on any Parcel is damaged or destroyed:

(a) each Party shall undertake and complete in accordance with this REA, such Restoration of its Parcel as may be required to ensure a safe and

non-hazardous condition of the Improvements and the Common Building Components on the Parcel in accordance with Section 5.4 and as necessary to comply with any covenants or agreements, if any, to provide lateral or subjacent support for improvements located on parcels adjoining such Parcel, and to conserve or protect damaged Improvements and remove debris ("Minimum Restoration") regardless of the amount of proceeds actually received by such Party under insurance required to be carried hereunder (or which would have been received if such insurance had been carried), plus the amount of any deductible provided under such insurance (together, the "Available Funds"); and

(b) if the amount of Available Funds exceeds the cost of Minimum Restoration, then in addition to Minimum Restoration, the applicable Party shall undertake and complete in accordance with this REA, to the extent of such excess Available Funds, such additional Restoration of Improvements on the Parcel as such Party deems appropriate for the continued use of the Parcel in accordance with this REA, provided that the Mortgagees of such Parcel make such proceeds available for such purpose.

5.4 Clearing Debris from Razed Improvements. If the Party upon whose Parcel the damage or destruction has occurred is not obligated to restore an Improvement that has been damaged or destroyed, and if such Party elects not to do so, then it shall raze such Improvement (or such part thereof as has been damaged or destroyed) and clear the area of all debris and landscape the area regardless of the amount of Available Funds; provided that such Party shall remain liable for performing all Minimum Restoration.

5.5 Responsibility of Mortgagee. Anything in this Article to the contrary notwithstanding, when a Mortgagee or a third party purchaser acquires title to a fee or leasehold estate in either Parcel by foreclosure, deed in lieu of foreclosure, power of sale in lieu of foreclosure ("Foreclosure"), such Foreclosure shall not affect the Mortgagee's or third party's obligation to perform Minimum Restoration; provided that the Mortgagee or third party shall perform Restoration following Foreclosure only as follows:

(1) When the damage or destruction on the applicable Parcel occurs before the Foreclosure from a peril required to be insured under this REA or from a peril for which insurance is not required but for which there were nonetheless such proceeds, then in either case the party acquiring the parcel upon Foreclosure shall perform Minimum Restoration, and shall be obligated to perform any additional Restoration only to the extent of available insurance proceeds; and

(2) When the damage or destruction occurs on the applicable Parcel subsequent to the Foreclosure, the party acquiring title upon Foreclosure shall perform Restoration as if it were a Party under Section 5.3.

(3) Anything in this Section 5.5 to the contrary notwithstanding, in no event will a party who acquires title to a Parcel by Foreclosure be obligated to perform any Restoration beyond Minimum Restoration if that party has reasonably determined that the fair market value of the Parcel owned by it, following Restoration, will be less than the fair market value of such Parcel immediately prior to the casualty.

(4) Notwithstanding the foregoing, the liability of a Mortgagee for failure to perform its obligations pursuant to this Section 5.5 will be limited to its interest in the Building, and such Mortgagee shall have no personal liability therefor.

5.6 Common Building Components. The following provisions shall apply to the repair, alteration or Restoration of Common Building Components, and to the extent not inconsistent therewith are in addition to the provisions of Section 3.7 and Section 5.3(1):

(1) Each Party owning any Improvement which uses any Common Building Component shall not place any burden upon the Common Building Component which exceeds the capacity of the Common Building Component therefor, or which would prevent the use of the Improvement containing the Common Building Component for its intended purposes.

(2) Nothing in Subparagraph (1) shall preclude any Party owning either an Improvement containing a Common Building Component or a benefited Improvement, as the case may be, from performing any construction with respect to its Improvements if during such construction the Party by whom or on whose behalf such construction is being done shall, at its own cost and expense, provide such temporary facilities as may be necessary to perform the function performed by the Common Building Component in question, or to increase the capacity of, or supplement, the Common Building Component in question to the extent necessary so that the construction does not prevent the use of the benefited Improvement for its intended purpose.

(3) The Party performing construction on the Improvement shall not be liable to the Party owning such other Improvement affected by such construction for any inconvenience, annoyance, disturbance or loss of business to such other Party (or any Occupant) arising out of and during the performance of such construction (unless occasioned by the gross negligence or willful misconduct of the Party performing such construction, or its agents), provided the Party owning the Improvement with respect to which such construction is being performed shall have made all reasonable efforts to keep any such inconvenience, annoyance, disturbance or loss of business to the minimum reasonably required by the construction in question.

6. DEFAULT AND LIEN

6.1 Default. A Party in default under this REA shall be known as a "Defaulting Party." No Party shall be a Defaulting Party until such Party has failed to perform an

obligation under this REA, together with the expiration of ten (10) business days after notice (in the case of default in monetary obligations) or thirty (30) days after notice (in the case of default in all other obligations) from receipt by such Party and each of its Mortgagees of notice of such default. If a non-monetary default cannot be reasonably cured within such thirty (30) day period, a Party shall not be in default so long as, within such thirty (30) day period, such Party either commences curing such default with due diligence and thereafter prosecutes such cure to completion diligently. Any Party shall have the right to make payment of a monetary obligation under protest and reserve all rights with respect to such payment notwithstanding such payment.

6.2 Reimbursement. After expiration of the time period in Section 6.1, if under this REA any other Party (the "Non-Defaulting Party") pays any money or does any act that requires the payment of money because of another Party's failure or inability to timely perform its obligations under this REA after notice and expiration of the cure period pursuant to Section 6.1, the Defaulting Party shall, within ten (10) business days following notice of demand, reimburse the Non-Defaulting Party for such sums. All such sums shall bear interest at the Interest Rate from the date of expenditure until the date of reimbursement. Any other sums payable by any Party to any other Party under this REA that are not paid when due shall bear interest at the Interest Rate from the due date of payment thereof.

6.3 Lien Rights. Each Party hereby grants to the other Party a lien upon such Party's Parcel and all Improvements thereon to secure all of such Party's obligations to the other Party under this REA. If a Defaulting Party is required by this REA to pay the Non-Defaulting Party and does not timely pay same, after expiration of applicable notice and cure periods, then the Non-Defaulting Party shall have the right to foreclose the lien against the Defaulting Party's Parcel and Improvements in any manner provided by law, subject to the prior rights of holders of mortgage liens on a Parcel and subject to Section 13.1, and for this purpose shall have a power of sale which may be enforced in the same manner as powers of sale in mortgages and deeds of trust are enforced under California law. Notwithstanding the foregoing, prior to the enforcement of any lien, the Party against whose interest the lien is to be enforced shall have the right to good faith negotiations followed by litigation (in each case pursuant to Section 11 of this Agreement) of the dispute giving rise to the lien right.

6.4 Lien Priority. The Non-Defaulting Party's lien shall be superior to any other lien and encumbrance on the Defaulting Party's Parcel created or arising after the date of this REA, except as follows: the Non-Defaulting Party's lien shall be expressly subject and subordinate to: (a) any Mortgage and any and all advances secured by any Mortgage, and any expenses, charges and fees incurred under any express provision of such Mortgage (or any extension, consolidation, modification or supplement thereto); (b) any regulatory agreement or other instrument recorded in connection with any such Mortgage pursuant to Section 42 of the Internal Revenue Code [CONFIRM RESTRICTIONS ON PARCEL 4], (c) any and all leases or subleases on all or any part of Defaulting Party's Parcel, including but not limited to the Parcel 3 Sublease or the Parcel 4 Sublease, as applicable; and (d) the lien of any and all general and special

property taxes and special benefit assessments on all or any part of Defaulting Party's Parcel (collectively the "Prior Encumbrances"). The Non-Defaulting Party shall execute and deliver any further assurances of the subordination of the Non-Defaulting Party's lien to this REA and the Prior Encumbrances as provided in this Section.

7. USE

7.1 Parcel 3 Uses. Parcel 3 shall be used only for _____, or other related uses permitted by any governmental approvals applicable to Parcel 3 which are not prohibited under this REA and which are compatible with the use and operation of Parcel 4, and for no other purposes.

7.2 Parcel 4 Uses. Parcel 4 shall be used only for _____, or other related uses permitted by any governmental approvals applicable to Parcel 4 which are not prohibited under this REA and which are compatible with the use and operation of Parcel 3, and for no other purposes.

7.3 Limitations.

(1) No part of the Building shall be used or operated for: (i) any use which violates any applicable zoning ordinance, or (ii) any unlawful, immoral or disreputable purpose or any activity which is inappropriate for a comparable mixed-use complex conducted in accordance with good and generally accepted standards of operations, (iii) any noise, litter, odor or other activity which may constitute a public or private nuisance or (iv) which exposes Occupants or Permittees to health or safety risks.

(2) Without limiting the general provisions of Section 7.3(1), in no event shall any part of the Building be used for any uses which are prohibited by the Map, or any use restriction recorded against the Building prior to the Effective Date, or for any of the following purposes: (a) an employment or placement agency; (b) a personal loan or check-cashing business, except as part of the business of a bank, trust company or savings and loan association; (c) gambling or gaming activities, other than incidental sale of legally conducted lotteries as part of such business; (d) game arcades, (e) obscene or pornographic purposes or any type of commercial sex establishment or any other retail outlet selling sexually oriented or prurient materials, including adult book stores or adult theaters; (f) liquor stores and other retail sales establishments whose primary sales product is alcoholic beverages; (g) the manufacture, sale or distribution of drugs or drug paraphernalia other than a licensed pharmacy within Parcel ___ operated by a licensed pharmacist in accordance with all applicable health, safety and drug sale, retention and distribution requirements; (h) vehicle repair services; (i) on-premises dry cleaners (but drop off facilities for dry cleaners is permitted); (j) sports bar; (k) all-night convenience store; (l) pawn shop; (m) night club or bar (provided however, a bar located within a restaurant shall be permitted); (n) an operation using hazardous materials (other than those used in small quantities and in compliance with all applicable laws and regulations in the ordinary

course of permitted office or retail uses); (o) escort service or dating bureau; (p) a bail bonds business; (q) any use that is illegal; (r) industrial or manufacturing uses; (s) parole, juvenile detention or similar services; (t) twenty-four (24) hour establishments; or (u) tattoo and piercing parlors and/or headshops. [THESE ARE EXAMPLES OF PROHIBITED USES – NEED TO GET INPUT FROM PARTIES, LENDERS, INVESTOR]

(3) In no event shall any part of the Building be used for any purpose which overloads floors or other Structural Components or Utility Facilities beyond their respective design carrying capacities.

7.4 Offensive Activities; Nuisance.

(1) No noxious or offensive activities shall be carried on, upon or within either Parcel, nor shall anything be done or placed thereon which may be or become a nuisance, or cause unreasonable embarrassment, disturbance, or hazard or annoyance to any Party, or their tenants, or cause a substantial increase in the cost of insurance for any other Party.

(2) Each Party and each Occupant of a portion of either Parcel shall comply with all the requirements of the local or state health authorities and with all other governmental authorities with respect to the use of the Parcels.

8. INSURANCE

8.1 Insurance Following Completion of Construction

(1) Special Form or All-Risk Insurance. Following completion of construction of the Building, the Parcel 3 Subtenant shall obtain a policy or policies of special form or all-risk property insurance covering the shell of the Building and the Common Building Components, but not including personal property in either Parcel, and excluding earthquake coverage. Such policy of insurance shall be in an amount equal to the full replacement value of the Building and naming all Parties as insureds. The policy shall contain such other provisions as reasonably required by Mortgagees. The Parcel 4 Subtenant will contribute the Leasable Square Footage Percentage of Parcel 4 multiplied by the premiums for such insurance, to be paid to the Parcel 3 Subtenant within ten (10) business days of written request of the Parcel 3 Subtenant. Upon failure of the Parcel 4 Subtenant to timely pay such premiums, then in addition to all available remedies of the Parcel 3 Subtenant hereunder, at law or in equity, the Parcel 3 Subtenant shall, at its option, have no further obligation to provide such policy of insurance covering Parcel 3, and each Party shall thereupon be obligated to separately provide the casualty insurance required for its Parcel hereunder.

(2) Tenant Improvements and Personal Property. Each Subtenant shall obtain all-risk property insurance covering any tenant improvements and personal

property of such Party within its parcel in an amount equal to the full replacement value of such tenant improvements and personal property.

(3) Liability Insurance. The Parcel 3 Subtenant and Parcel 4 Subtenant shall each carry comprehensive general liability insurance with blanket contractual endorsement, with a combined single limit of \$1,000,000 per occurrence, \$2,000,000 in the aggregate and an umbrella coverage limit of \$5,000,000 for personal and bodily injury, death and property damage occurring on or around their respective Parcels or arising from the activities conducted thereon or occurring on or around the easements granted hereunder.

(4) Worker's Compensation Insurance. Each Party which has employees shall maintain adequate workers' compensation insurance to the extent required by law with a limit no less than the statutory requirement and employer's liability coverage with a limit not less than One Million Dollars (\$1,000,000) per occurrence, covering all persons employed in connection with work on the Parcel and with respect to whom death or bodily injury claims could be asserted against a Party. An "umbrella" or "excess" liability policy may be provided for coverage for employer's liability coverage with underlying limits of Five Hundred Thousand Dollars (\$500,000) for each occurrence in order to fulfill the limits as stated above.

(5) Automobile Insurance. Each Party shall maintain Comprehensive Automobile Liability insurance with limits not less than One Million Dollars (\$1,000,000) each occurrence combined single limit for Bodily Injury and Property Damage, including coverages for owned, non-owned and hired vehicles, as applicable.

8.2 General Requirements.

(1) The Party responsible for procuring any insurance under the REA shall provide evidence of the existence of such insurance to and at the request of any of the other insureds under such policy, and shall inform the other insureds of any material changes in coverage.

(2) All insurance policies shall be carried under a valid and enforceable policy or policies issued by insurers qualified to do business in the State of California and with a rating sufficient to meet the requirements of each Party's mortgagees or investors. In any case, the minimum rating for carriers will be equivalent to A- :VII or better from Best's Rating Service in the most current edition of Best's Insurance Reports, or if such rating is modified or discontinued, the most nearly equivalent rating.

(3) All insurance policies shall name the Party procuring such insurance as the named insured, or in the case of blanket policies, as additional named insureds. In the case of one policy covering both Parcels (as described in Section 8.1 above), such policies shall name each Party as a named insured or additional insured, as applicable.

(4) The Mortgagees of both Parcels shall be named as mortgagees and loss payees on the property insurance policy covering the shell of the Building and Common Building Components. Mortgagees for each Party shall be named as mortgagees and loss payees on the policies covering such Party's Parcel. Upon request, evidence of coverage shall be made available to the Mortgagees of the other Party.

(5) Each Party and the Mortgagees of both Parcels shall be named as additional insureds on any liability policies. Separate policies of liability insurance obtained by either Party shall name the other Party and the Mortgagees of both Parcels as additional insureds, as their respective interests may appear.

(6) The deductibles or retentions under the insurance described in this Article 8 shall not exceed amounts which are reasonable and customary for the applicable coverage, and shall be acceptable to Mortgagees and to the Limited Partners of the Parcel 4 Subtenant. With respect to any deductible payable on account of a loss covered by insurance maintained for the entire Building, each Party shall pay a portion of such deductible or retention to the extent that the deductible payable on an insured loss is not contributed to or by the general contractor or any subcontractor. The balance of any deductible or retention shall be paid by the Parties in proportion to the percentage contribution that each Party made to the premium for the applicable policy. For example, if a loss occurs which is covered by the special form or all-risk insurance described in Section 8.2(1) and 20% of the deductible is paid by the general contractor, the Parcel 3 Subtenant shall be responsible for payment of the Leasable Square Footage Percentage of Parcel 3 multiplied by the remaining deductible or retention, and the Parcel 4 Subtenant shall be responsible for payment of the Leasable Square Footage Percentage of Parcel 4 multiplied by the remaining deductible or retention. Notwithstanding the foregoing, to the extent the loss is solely attributable to the one Party, then such Party shall be solely responsible for payment of any deductible.

(7) All policies shall provide that any losses payable to a Mortgagee of the Party procuring such insurance or to another Party shall be payable notwithstanding any act or negligence of the Party procuring such insurance. The liability policies shall provide that they constitute primary insurance to any other insurance available to any additional insured, with respect to claims insured by such policies, and such insurance shall include a severability of interest provision. Such severability of interest provision shall not increase the limit of liability of the respective insurers.

(8) All insurance policies shall provide that no cancellation, modification or termination thereof for any reason other than nonpayment of premiums, a false statement knowingly made, or a substantial change in the exposure or risk other than indicated in the applications unless otherwise notified to the underwriter, shall be effective as to the Person(s) entitled to be named as additional insureds until at least thirty (30) days, and in the case of nonpayment of premiums until at least ten (10) days,

after giving written notice thereof to each additional insured thereunder, to the extent that such notice is available.

(9) The Parties may from time to time agree to adjust the amounts of the insurance required hereunder to meet commercially prudent standards; provided that, in all events, each Subtenant shall have the right to increase and expand insurance coverage respecting its Parcel without consent of the other Subtenant.

8.3 Use of Policy Proceeds.

(1) If, following an insured loss covered by the policy described in Sections 8.1(1), (a) the Subtenant of a Parcel on which such damaged Improvements are located, or (b) the Subtenant of a Parcel whose use of the Parcel is materially impaired due to the damage or destruction of Improvements on the other Parcel, desires to repair or restore damaged Improvements, and such proposed Restoration meets the requirements imposed by the Mortgagee(s) of the Parcel(s) on which such Improvements are located (collectively, the "Affected Parcel"), then proceeds payable by reason of damage to or destruction of any Improvements, subject to the provisions of Article 5 hereof, shall be used by the Subtenant of the Affected Parcel to pay the cost of Restoration of such damaged or destroyed Improvements. In all events, Minimum Restoration shall be performed to the Affected Parcel.

(2) Each Party shall obtain Mortgages which provide that all amounts collected on any such policies and paid to a Mortgagee shall be made available for the Restoration of any Improvement damaged or destroyed in accordance with the requirements of Section 5.3; provided, however, that such Mortgagee has approved the plans and specifications for the Restoration, has approved the contractor(s) who will perform the Restoration and their contract(s), is satisfied that the amount necessary to provide for Restoration of any Improvements destroyed or damaged, which may be in excess of the amount received from such policies, has been provided for such purposes, has approved the terms and conditions under which insurance proceeds will be disbursed to fund the Restoration, and (with respect to any Restoration in excess of Minimum Restoration) has reasonably determined that the fair market value of the Mortgagee's collateral following Restoration will not be less than its fair market value immediately prior to the casualty.

(3) No Party shall execute any agreement or agreements in favor of a Mortgagee that contains provisions that permit insurance proceeds to be used to repay such Mortgagee's loan except in accordance with Sections 8.3(1) and 8.3(2), and any attempt to do so shall be subject to the provisions set forth in Section 17.11.

(4) If a Party is not obligated to perform Restoration under this REA, and elects not to perform such Restoration, such Party will regardless be obligated to perform Minimum Restoration; provided that the amounts collected on such policies in excess of the amount necessary to perform Minimum Restoration shall be made available to the Party to be used in a manner consistent with the terms of this REA,

except and to the extent that the terms of any Mortgage loan documents of either Party require that such proceeds be applied towards repayment of the applicable Mortgage of such party. In such event, the proceeds payable to the Mortgagee(s) of each Parcel under this Subsection (4) which are attributable to an insured loss covered by the special form or all-risk insurance described in Section 8.2(1) shall be allocated _____ percent (____%) to Parcel 3 and _____ percent (____%) to the Parcel 4.

8.4 Indemnification. Each Party ("Indemnitor") shall indemnify, defend and hold harmless (collectively "Indemnify"), the other Party, and its officers, directors, employees, agents, representatives and partners (collectively, "Indemnitee") against all claims, costs, expenses (including reasonable attorneys' fees) and liabilities (collectively "Claims"), arising from the death, injury, loss or damage caused to any natural person or to the property of any Party ("Damage") as a result of any breach of or default under this REA, or which shall occur in or on the Parcel of the Indemnitor during the period Indemnitor is a Party hereunder (except to the extent such Claims arise from the gross negligence or willful misconduct of the Indemnitee or its agents, Occupants or employees).

Subject to and in accordance with the applicable provisions of Article 3, each Grantee of an easement shall Indemnify the Grantor of such easement and its officers, directors, employees, agents and partners against any Claims arising from Damage occurring in connection with the Grantee's use of such easement (except to the extent such Claims arise from the gross negligence or willful misconduct of the Grantor).

8.5 Certificate of Insurance. Each Party shall, on the reasonable request of another Party, promptly furnish the requesting Party a certificate evidencing the former Party's compliance with the insurance coverage requirements of this Article 8.

8.6 Release and Waiver of Subrogation. Notwithstanding anything to the contrary set forth herein, to the extent that waiver of subrogation is permitted under the insurance maintained by a Party hereunder, each Party hereby waives all rights of recovery and causes of action, and releases the other Party, from all losses and damages occasioned to property located within or upon or constituting a part of the Building, which losses and damages are of the type covered under the policies actually maintained pursuant to this Article 8; provided, however, that the Party responsible for any such losses or damages shall pay for any deductible under the policies and provided further that this waiver shall not excuse or modify the Parcel __ Subtenant's obligations under Section 5.3(2)(a).

8.7 Allocations. For purposes of this Article 8, the parties acknowledge that the allocation of insurance premiums, proceeds, and deductibles between Parcel 3(____%) and Parcel 4 (____%) is based on the respective Leasable Square Footage Percentage of each Parcel.

8.8 Resolution of Disputes. Any dispute regarding the insurance coverage required by this Article 8 shall be determined by the procedures described under Article 11 hereof.

9. CONDEMNATION

9.1 Restoration upon Condemnation. If any part of the Improvements situated on any Party's Parcel (including, without limitation, Common Building Components, but excluding any Structural Components or Utility Facilities serving exclusively the other Parcel) is taken by condemnation, eminent domain or a sale under threat of condemnation ("Condemnation"), the Party on whose Parcel such Improvements are located shall reconstruct said Improvements as nearly as possible to the condition thereof as existed immediately prior to such Condemnation in accordance with the requirements and subject to the conditions of this Article 9, and in such event shall be solely entitled to all condemnation proceeds paid respecting such condemnation, subject to the provisions of applicable Mortgages.

Notwithstanding anything to the contrary contained in this Article 9, in no event shall any Party or Mortgagee be required to rebuild, replace or perform Restoration of any Improvements (i) if as a consequence of the Condemnation, the remaining Improvements on such Party's Parcel would be unsuitable or economically unfeasible for the use to which such Improvements had been put before such Condemnation, even if Restoration were made; or (ii) at a cost in excess of the proceeds of a Condemnation award actually received. However, in any event and regardless of the availability of proceeds of a Condemnation award, the Party or Mortgagee of the Parcel subject to condemnation shall be required to perform Minimum Restoration.

9.2 Waiver of Award. If a Parcel or any part thereof is taken by Condemnation, the other Party waives, in favor of the Party whose property or part thereof is taken by Condemnation, any value of the Condemnation award attributable to any easements which any other Party holds in the property of such other Party (to the extent any easements are affected by such Condemnation); and no part of such award shall be payable to the holder of the dominant tenement by virtue of such easement, except and to the extent necessary to pay costs associated with the creation of alternative easements under Section 9.3.

9.3 No Termination of Easements. No termination under this Article of any Party's obligations to perform Restoration of, operate, and Maintain easements as provided in this REA shall affect the existence of the easements granted under Article 3 hereof, except to the extent such easements burden the land taken by Condemnation. In that case, the Parties shall act in good faith to create, to the extent feasible and necessary for the use and occupancy of the Improvements, alternative easements to replace those terminated as a result of any Condemnation.

9.4 Mortgagee Participation. Nothing herein contained shall be deemed to affect or supersede the rights of any Mortgagee to participate in any Condemnation proceedings on behalf of any Party, or in conjunction with any Party.

10. REAL ESTATE TAXES OR IMPOSITIONS

10.1 Payment of Taxes or Impositions. Each Party shall pay before delinquency all Impositions levied on its Parcel and the Improvements and personalty thereon, if any. Upon request, each Party shall show to the other Party receipts for all Impositions required to be paid by the Party.

10.2 Failure to Pay Impositions. Subject to a Party's right to contest an Imposition as set forth in Section 10.3, if a Party fails to pay any Imposition as provided herein, any other Party may pay the Imposition after ten (10) days' notice to the delinquent Party. Upon payment, the delinquent Party shall reimburse the paying Party for the sums so expended within ten (10) days after request. If payment in full is not made within ten (10) days of such request, interest at the Interest Rate shall accrue and be payable by the delinquent Party.

10.3 Contesting Impositions. Each Party may, at its own cost and after notice to the other Parties of its intention to contest Impositions (provided that failure to give such notice shall not constitute a default hereunder or invalidate any such contest), by appropriate proceedings conducted in good faith and with due diligence, contest the validity, applicability and/or amount of any Impositions respecting its Parcel. Each Party so contesting any Imposition shall hold the other Parties and the Parcel harmless from and against any loss, cost or damage they shall suffer by reason of such contest. Nothing in this Article requires a Party to pay any Imposition as long as (a) it contests the validity, applicability or amount thereof in good faith, (b) takes all steps necessary to prevent such nonpayment from resulting in a lien being recorded against all or any portion of either Parcel, and (c) so long as it does not allow the affected Parcel to be forfeited to the imposer of such Impositions as a result of its nonpayment. The contesting Party shall within a reasonable period of time give notice to the other Parties of the final determination of such contest.

11. DISPUTE RESOLUTION

11.1 Good Faith Negotiations. In the event of any dispute under this REA, the Parties to the dispute shall meet within thirty (30) days of delivery of a request by either party to meet and discuss the dispute. The meeting shall be held in the City of Rancho Cordova unless the parties agree otherwise. Each party shall have a representative in attendance who has the authority to resolve the dispute on behalf of that party. The parties shall negotiate in good faith to resolve the dispute for a period of at least sixty (60) days.

11.2 Litigation. In the event the parties are unable to resolve a dispute pursuant to Section 11.1 above, either Party may institute any remedy available at law or in equity to resolve such dispute.

12. NOTICES AND APPROVALS

12.1 Notices. All notices, demands, requests, approvals, disapprovals, or other communications ("Notice") that a Party gives to any other Party shall be in writing and deemed properly given if (a) served personally, or (b) mailed, when deposited with the United States Postal Service for certified delivery, return receipt requested, with postage prepaid, (c) sent by overnight courier, postage prepaid, or (d) sent by electronic mail, in each case addressed to the applicable recipient as follows:

Declarant:	The City of Rancho Cordova 2729 Prospect Park Drive Rancho Cordova, CA 95670 Attn: City Manager [or designee] Email: _____
Parcel 3 Subtenant:	[Veterans Resource Center of America] Administrative Offices P.O. Box 378 Santa Rosa, CA 95402 Attn: _____ Email: _____
Parcel 4 Subtenant:	Mercy Housing California 61, L.P. 1360 Mission Street, Suite 300 San Francisco, CA 94103 Attn: Asset Management Email: _____

With copies to
its Limited Partners:

or such other place(s) as the above-listed entity or its successors may from time to time designate by notice to the others. Notices shall be deemed given as of the earlier of actual receipt or three (3) days from the date of mailing. Any notice given by electronic mail shall be deemed given upon receipt if received before 5:00 p.m. on a business day, otherwise it shall be deemed given on the next business day. Any notice given by electronic mail must be given by one of the other methods in Subsections (a), (b), or (c)

within two business days. Upon any subsequent transfer of either Parcel, the Transferee shall notify the other Party in writing of its address for notices under this Section.

In addition to the notice addresses above, each Party shall provide copies of notices to Mortgagees and Limited Partners as provided in Section 13.1 below, and to such other entities as requested by either Party, each at the same time and in the same manner as provided to the other Party under this REA.

12.2 Time and Form of Approvals. Wherever in this REA approval of a Party is required, and unless a different time limit is provided herein, such approval or disapproval shall be given in writing within thirty (30) days after receipt of the item to be so approved or disapproved. Failure to give approval within the time specified shall be conclusively deemed to constitute approval. Any disapproval which requires reasonableness shall specify with particularity the reasons therefor. The request for approval shall be clearly marked as requiring approval and shall indicate the section of this REA under which approval is required.

13. MORTGAGEE AND LIMITED PARTNER PROTECTION

13.1 Notice to Mortgagees and Limited Partners, Cure Rights.

(1) Copies of all notices of default and all other notices given or required under this REA must be provided to the Mortgagee(s) and Limited Partner(s) of the Parties, provided each such Mortgagee or Limited Partner is identified in Section 12.1 or has delivered a notice to such Party stating that it is a Mortgagee or Limited Partner to a specified Parcel, and providing its name and address for notice hereunder. Each Party shall acknowledge in writing its receipt of the name and address of a Mortgagee or Limited Partner so delivered to it. Any notice to a Mortgagee or Limited Partner shall be given as provided in Section 12.1, and no notice to a Party shall be effective until a copy thereof has been given to each such Mortgagee or Limited Partner.

(2) The Mortgagee under the Mortgage affecting the defaulting Party's interest in a Parcel or Parcels and each Limited Partner of a Party of a Parcel shall be entitled (but shall not be required) to cure any default within an additional sixty (60) days beyond the cure period provided to the defaulting party, and otherwise in the same manner as may be cured by the defaulting party, provided that the period allowed to Mortgagees and Limited Partners for such cure shall not commence until the date of their receipt of a notice of default.

(3) Any notice given under this REA to a Person which is a Mortgagee or Limited Partner in more than one capacity shall be deemed a notice given in accordance with the terms hereof to such Person in all such capacities.

13.2 Priority of Mortgage Liens. No breach of any provision of this Agreement, nor the enforcement of any lien provided in this Agreement, shall impair, defeat or invalidate the lien of any Mortgage; but all provisions hereof shall thereafter be binding upon and effective against a Party of a Parcel whose title is derived through Foreclosure of any Mortgage; provided, however, that neither any Mortgagee nor successor thereof as a Subtenant hereunder shall be liable for any damages, costs, liabilities or expenses, and such Subtenant's Parcel shall not be subject to a lien under this REA for any amounts due hereunder based upon the actions, defaults or violations taken or suffered by any Subtenant hereunder prior to the date of such Foreclosure, subject to any applicable obligations to perform Minimum Restoration.

13.3 Subordination of Liens. Any lien provided for in Article 6 above shall be subordinate to the lien of any Mortgage and any regulatory agreement or other instrument recorded in connection with any such Mortgage now or hereafter encumbering any Parcel, and that lien shall be extinguished by the foreclosure of any Mortgage and all other Prior Encumbrances. The purchaser of that Parcel at foreclosure shall take title subject to the terms hereof and shall be liable for any liens arising thereafter pursuant to this Agreement as a result of defaults occurring thereafter for so long as the purchaser continues to hold title to that Parcel. Nothing in this Section 13.3 shall be construed to release any Party from its obligation to pay costs levied pursuant to this REA during the term of its lease of any Parcel(s).

13.4 Effect on Mortgages. Nothing in this REA shall excuse any Party from compliance with its respective obligations under any Mortgage or any regulatory agreement or other agreement or instrument executed in connection with any such Mortgage, whether or not of record respecting its Parcel. The parties acknowledge that compliance with this REA may not constitute compliance with such documents (for example, the terms of a Mortgage may impose a shorter time period for the performance of certain obligations under this REA to avoid a default under the Mortgage), that the consent of a Mortgagee may be required before a Party is authorized to comply with this REA, and that a default under this REA may constitute a default under such documents. Each Party is responsible for compliance with the requirements of its respective Mortgage(s).

14. AMENDMENT

14.1 Amendment. Except as provided in this Article 14 or elsewhere in this REA, this REA may be amended only by a writing signed and acknowledged by the Parties and recorded in the Official Records. No amendment shall be binding on a Mortgagee unless such Mortgagee has consented thereto in writing.

14.2 Consent to Amendments. No Party, nor any Mortgagee whose consent is requested, shall unreasonably withhold or delay approval of any amendment requested by another Party, provided that such amendment does not result in increased unreimbursed costs or other material detriment for the Party or Mortgagee whose

consent is requested (including, without limitation, a material decrease in value of such Party's Parcel or a material impairment of such Party's operations).

15. TERM

The term of this REA ("Term") shall commence on the Effective Date and shall end _____ (____) years from the Effective Date ("Termination Date"). The Term shall automatically be renewed thereafter for successive ten (10) year terms, provided, however, that this REA shall terminate on such earlier date as may be required in order that this REA will not be invalidated or be subject to invalidation under applicable Law. Notwithstanding the foregoing, any easements granted to a Grantee of a Parcel which exist on the Termination Date shall continue in perpetuity so long as such Party has Improvements on its Parcel and has not abandoned its easement, notwithstanding the rights and remedies provided in Article 3, so long as the use of such easement or right continues.

16. NO PUBLIC DEDICATION

Nothing contained in this REA shall be deemed to create or result in a dedication of any portion of the Building for public use or to create any rights in the general public.

17. MISCELLANEOUS

17.1 Exhibits. Each reference herein to an Exhibit refers to the applicable Exhibit that is attached to this REA, which Exhibit may be amended by the Parties from time-to-time in accordance with the provisions of Article 14 hereof. All such Exhibits constitute a part of this REA.

17.2 Binding Effect. This REA shall govern and be binding upon the Building and the Parcels and shall be binding and inure to the benefit of the Parties hereto and their successors in interest to the Parcels, or any interest therein and their assigns unless and until (except as to certain rights and obligations set forth herein which continue after termination) expiration of the Term (defined in Article 15).

17.3 No Third Party Beneficiaries. Except for provisions expressly stated to be for a Mortgagee's and/or Limited Partner's benefit, the provisions of this REA are not for the benefit of nor give rise to any claim or cause of action by any third Person, and this REA shall not be deemed to have conferred any rights upon any Permittee or other third Person.

17.4 Waiver of Default. A waiver of any default by a Party must be in writing and no such waiver shall be implied from a Party's failure to take action regarding such default. One or more written waivers of any default in the performance of any provision of this REA shall not be deemed to be a waiver of any subsequent default in the performance of the same provisions of any other term or provision contained herein.

17.5 Recourse. Notwithstanding any provision in the REA to the contrary, except as provided in Section 17.11, if any Party has a liquidated claim of money damages against a Mortgagee, notwithstanding the fact that such Mortgagee became a Subtenant of either Parcel through Foreclosure, the amount of which is not in dispute, the sole remedy of such other Party(ies) shall be to foreclose a lien as described in Article 6 hereof, and such Party will not seek a money judgment against such Mortgagee in addition to foreclosing such lien, it being understood that such obligations shall remain nonrecourse to such Mortgagee in all events. However, the foregoing sentence shall not apply to any transferee of such Mortgagee.

17.6 No Partnership, Joint Venture or Principal-Agent Relationship. Neither anything in this REA nor any acts of the Parties shall be deemed by the Parties, or by any third Person, to create the relationship of principal and agent, or of partnership, or of joint venture, or of any association between the Parties and no provisions of this REA are intended to create or constitute any person a third party beneficiary hereof.

17.7 Severability. If any provision of this REA shall to any extent be invalid or unenforceable, the remainder of this REA (or the application of such provision to Persons or circumstances other than those in respect of which it is invalid or unenforceable) shall not be affected thereby.

17.8 Governing Laws. This REA shall be construed and governed in accordance with the laws of the State of California.

17.9 Release. If a Party obligated to comply with any provisions of this REA sells, transfers or otherwise conveys its Parcel or any portion thereof, such Party will, as respects the Parcel or part thereof so conveyed, be released from all obligations to comply with this REA which accrue after the effective date of such sale, transfer or other conveyance, provided:

(1) It gives notice to the other Parties of its sale, transfer or other conveyance promptly after the filing for record of the instrument effecting the same;

(2) All amounts from any insurance proceeds or condemnation awards required to be used as provided in this REA are either delivered to the other Party for such use, or are transferred to the grantee under such sale, transfer or other conveyance; and

(3) Such Party delivers to the other Party an instrument signed by its grantee in recordable form that acknowledges such grantee's assumption of the duties, responsibilities and obligations imposed on such party by this REA and assumed by such grantee, which instrument must be in a form reasonably satisfactory to said other Party. Notwithstanding such Party's failure to provide the other Party with the document described above in this Subparagraph, the grantee of any sale, transfer or other conveyance of such Parcel, or any part hereof, shall be deemed to have automatically

assumed all provisions of this REA that such Party or Person was theretofore obligated to perform.

Nothing, however, relieves a Party of obligations arising before such transfer.

17.10 Covenants Run with the Land. It is intended that the covenants, easements, agreements, promises and duties of each Party set forth in this REA shall be construed as covenants and not as conditions, and that, to the fullest extent legally possible, all such covenants shall constitute perpetual easements running with the land and shall constitute equitable servitudes as between the Parcels.

Unless the context indicates otherwise and where expressly provided to the contrary, every covenant, easement, agreement and promise of each Party as set forth in this REA shall be deemed a covenant, easement, agreement and promise made for the joint and several benefit of each other Party and every duty of each Party as set forth in this REA shall be deemed to run to and for the joint and several benefit of the other Parties.

17.11 Right to Enjoin/Specific Performance. If a Party violates or threatens to violate any provision of this REA, any other Party shall have the right, subject to the provisions of Article 11, to apply to a court of competent jurisdiction for an injunction against such violation or threatened violation, or for specific performance of the subject provision, but nothing in this Section shall be deemed to affect whether or not injunctive relief or specific performance is available on account of such violation or threatened violation.

17.12 Default Shall Not Permit REA Termination. No default under this REA shall entitle any Party to cancel or otherwise rescind this REA, provided, however, that this limitation shall not affect any other rights or remedies that the Parties may have by reason of any default under this REA.

17.13 Correction of Parcel and Easement Descriptions. It is recognized that through construction errors, tolerances or variations the Improvements may not be constructed precisely within a Parcel. If any Party orders an "as-built" survey of its Improvements, such Party shall, without cost to the other Party, furnish a copy thereof to the other Party. If a survey discloses that the Improvements of a Party have not been constructed completely within the boundaries of its respective Parcel, then upon request of a Party, (i) provided such encroachment is permitted hereunder, the other Party upon whose Parcel such Improvements have been constructed shall acknowledge that such encroachment is permitted hereunder, or (ii) an as-built air parcel correction map shall be recorded to correct such encroachments, and the cost thereof shall be paid _____% by the Parcel __ Subtenant and _____% by the Parcel __ Subtenant . The Parties shall also amend the description of any easement areas affected by such encroachments. [NOTE: THIS SECTION MAY NOT BE NECESSARY FOR REHAB OF EXISTING BUILDING WHERE DESCRIPTIONS WON'T VARY BASED ON CONSTRUCTION ERRORS]

Nothing herein contained shall in any manner be construed as diminishing or deemed to constitute a waiver of any rights of a Party resulting from another Party's failure to construct its Improvements as herein required and this Section shall not relieve or excuse a Party from exercising all due diligence to construct its Improvements within its Parcel.

17.14 Counterparts. If more than one individual or entity is executing this REA on behalf of the Declarant, this REA may be signed in several counterparts, each of which shall be deemed an original, and all such counterparts shall constitute one and the same instrument. The signature of a Party to any counterpart may be removed and attached to any other counterpart. Any counterpart to which is attached the signatures of all Parties shall constitute an original of this REA.

17.15 Attorneys' Fees. If any Party institutes any action or proceeding against the other or others relating to the provisions of this REA, or any default hereunder, then, the unsuccessful litigant(s) in such action or proceeding agree(s) to reimburse the successful litigant(s) therein for the reasonable expenses and attorneys' fees and disbursements incurred therein by the successful litigant(s) as determined by the court.

17.16 Estoppel Certificate. Each Party hereby severally covenants that within ten (10) business days after a written request of the other Party (or Person above specified), it will issue to such other Party, or to any Mortgagee, Limited Partner or to any prospective purchaser or prospective Mortgagee specified by such requesting Party, or to any other Person reasonably designated by the requesting Party, an estoppel certificate stating: (i) whether the Party to whom the request has been directed knows of any default under this REA, and if there are known defaults specifying the nature thereof; (ii) whether this REA has been modified or amended in any way (or if it has, then stating the nature thereof); and (iii) that to the Party's current and actual knowledge this REA as of that date is in full force and effect or, if not, so stating. Such statement shall act as a waiver of any claim by the Party furnishing it to the extent such claim is based upon facts contrary to those asserted in the statement and to the extent the claim is asserted against a bona fide encumbrancer or purchaser for value without knowledge of facts to the contrary of those contained in the statement, and who has acted in reasonable reliance upon the statement.

17.17 Time of Essence. Time is of the essence with respect to the performance of each of the covenants and agreements contained in this REA.

17.18 Consents and Approvals. Except as expressly provided in this REA, whenever the consent or approval of any Party is required hereunder, such consent shall not be unreasonably withheld, conditioned or delayed.

Signature on Following Page

Executed this _____ day of _____, 20____, at _____,
California.

DECLARANT:

THE CITY OF RANCHO CORDOVA,
a California municipal corporation

By: _____

Name: _____

Title: _____

ATTEST:

By: _____
_____, City Clerk

APPROVED AS TO FORM:

By: _____
_____, City Attorney

ACKNOWLEDGEMENT:

The County of Sacramento acknowledges and agrees that this Agreement shall remain in full force and effect following the merger of title between the ground leasehold interest and the fee interest in the Building, or the expiration or termination of the Ground Lease, and in such event, the County shall become a Party hereto.

The County of Sacramento

By: _____
Its: _____

State of California
County of _____

On _____ before me _____,
Date

personally appeared _____,
who proved to me on the basis of satisfactory evidence to be the person(s) whose
name(s) is/are subscribed to the within instrument and acknowledged to me that
he/she/they executed the same in his/her/their authorized capacity(ies), and that by
his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of
which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that
the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Place Notary Seal Above

Signature of Notary Public

State of California
County of _____

On _____ before me _____,
Date

personally appeared _____,
who proved to me on the basis of satisfactory evidence to be the person(s) whose
name(s) is/are subscribed to the within instrument and acknowledged to me that
he/she/they executed the same in his/her/their authorized capacity(ies), and that by
his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of
which the person(s) acted, executed the instrument.

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WITNESS my hand and official seal.

Place Notary Seal Above

Signature of Notary Public

EXHIBITS FOR REA

EXHIBIT A Legal Description of the Land

EXHIBIT B Map

EXHIBIT C Legal Description of Parcel 3

EXHIBIT D Legal Description of Parcel 4

EXHIBIT E Capital Obligations

EXHIBIT A

Legal Description of the Land

EXHIBIT B

Map

EXHIBIT C

Legal Description of Parcel 3

EXHIBIT D**Legal Description of Parcel 4**

EXHIBIT E

Capital Obligations, Budget, and Reserve Requirements

EXHIBIT E**PARCEL 4 SPACE LEASE****By and Between**

**THE CITY OF RANCHO CORDOVA,
a California municipal corporation
(“LANDLORD”)**

and

**MERCY HOUSING CALIFORNIA 61, L.P.
a California Limited Partnership
(“TENANT”)**

EXHIBIT E**LEASE**

1. Parties. This Parcel 4 Space Lease ("**Lease**") is made as of _____, 20__ (the "**Lease Date**") by and between **The City of Rancho Cordova**, a California municipal corporation ("**Landlord**") and **Mercy Housing California 61, L.P.**, a California limited partnership ("**Tenant**").

2. Premises. Landlord hereby leases to Tenant and Tenant leases from Landlord for the Term, at the rental, and upon all of the conditions set forth herein, those certain premises (the "**Premises**") located at 3611 Bleckley Street, Rancho Cordova, CA 95655, Rancho Cordova, California, located in a mixed use development commonly known as "Phase 1, Mather Veterans' Village" (the "**Project**"). The Premises are a separate legal air rights parcel commonly known as "Parcel 4," and are described on Exhibit A attached hereto. The Premises contain approximately 5,221 square feet. The 5221 square feet of lease area is comprised of approximately 2221 square feet of land area and 3000 square feet of lease space within the building)

3. Term.

3.1 Assignment of County Lease. The County of Sacramento ("County") has leased to the Landlord that certain real property located at APN# 067-0010-106, Rancho Cordova, California, commonly known as "Parcel 1" pursuant to a lease dated as of June 24, 2013 (the "County Lease"). The Landlord intends to assign to Mercy Housing California, a California nonprofit public benefit corporation, all of the Landlord's right, title and interest in and to the County Lease as it pertains to Parcel 1.

3.2 Term. The term of this Lease ("**Term**") shall commence on the date of the close of escrow of the assignment of the County Lease, as described in Section 1 ("**Term Commencement Date**"), and end at 12:01 a.m. on the eightieth (80th) anniversary of such date, unless sooner terminated pursuant to any provision of this Lease.

3.2 Memorandum of Lease. Concurrently with the Term Commencement Date, the parties shall execute and record against the Premises a memorandum of lease in substantially the form attached hereto as Exhibit B.

3.3 Reciprocal Easements. Also concurrently with the Term Commencement Date, Tenant shall execute and record against the Premises, in form and content reasonably satisfactory to Landlord, reciprocal easements for the Premises and for "Parcel 3" which is adjacent to the Premises.

EXHIBIT E

3.4 Assignment of Lease to Veteran's Resource Center of America. It is anticipated that as soon as practicable, City will assign all duties, rights and responsibilities for the lease for Parcel 4 to Veteran's Resource Center of America (VRCA). It is anticipated that other certain real land and improvements located at APN# , Rancho Cordova, California, commonly known as "Parcel 3" pursuant to a lease dated as of June 24, 2013 (the "County Lease") and the sale of the building on parcel 3 will be assigned by Landlord to VRCA. The lease of Parcel 4 is located within Parcel 3. VRCA will assume responsibility for the parcel 4 lease.

4. Rent.

4.1 Rent. Tenant shall pay Landlord annual Rent of One Dollar (\$1.00) per year for the Term. Tenant may prepay Rent for the entire Term at any time.

4.2. Rent Commencement Date. Tenant shall pay Rent to Landlord commencing on the Term Commencement Date.

5. Use.

5.1 Permitted Use. The Premises shall be used exclusively for administrative offices and the provision of services to and community space for residential tenants of the Project and other eligible members of the general public and related uses, unless other uses are approved in writing by the Landlord. Use of the Premises shall be in accordance with the DDA. Tenant further agrees to abide by the rules and regulations established by Landlord to ensure the peaceful enjoyment of the Project by all tenants.

5.2 Prohibited Uses. Tenant shall not use or allow the Premises to be used for any improper, immoral or unlawful purpose, nor shall Tenant cause, maintain or permit any nuisance or waste in, on or about the Premises. Tenant shall not operate the Premises in a manner which is unreasonably objectionable or offensive to Landlord or to other tenants in the Project of which the Premises are a part.

5.3 Compliance with Laws. Tenant shall comply with, and shall not use or occupy the Premises or allow the Premises to be used or occupied in violation of, (a) any law, zoning restriction, ordinance, rule, regulation, requirement, order or decree of any governmental or quasi-governmental agency with jurisdiction over Tenant or the Premises, including the Occupational Safety Health Act (collectively, "**Laws**"), (b) the requirements of the Board of Fire Underwriters or any insurer or insurance authority, (c) any certificate(s) of occupancy issued for the Project or (d) any recorded covenants, conditions and restrictions, or private contracts of which Tenant has actual knowledge and which affect the use and operation of the Premises.

EXHIBIT E

Tenant shall procure, maintain and make available for Landlord's inspection, at Tenant's sole cost, all governmental licenses and permits required for the proper and lawful conduct of Tenant's operations and activities on the Premises. Tenant shall be solely responsible for compliance with the requirements of all local, state and federal accessibility laws, including but not limited to the Americans with Disabilities Act, which are applicable to the Premises.

6. Condition on Delivery and Subsequent Maintenance, Repairs and Alterations.

6.1 Condition upon Commencement of the Term. Upon the Term Commencement Date, Landlord shall deliver the Premises to Tenant in their current as-is condition.

6.2 Improvements by Tenant. By executing this Lease, Tenant understands that Tenant shall be responsible for the construction of all improvements necessary for the Premises to be suitable for Tenant's intended use (the "***Tenant Improvements***"), in accordance with Section 27 of the Lease.

6.3 Tenant's Maintenance Obligations. Tenant shall keep the Premises in good condition and repair (reasonable wear and tear excepted). Tenant shall pay all operating expenses (including, without limitation, cleaning expenses) and capital improvements related to the Premises and Tenant's use, occupancy and possession thereof. Except for the items specified in Section 6.4, it shall be Tenant's sole responsibility to make all necessary improvements, repairs, replacements and alterations to all portions the Premises, including without limitation all interior and exterior walls, glass, windows, window casements and moldings; doors, floor coverings, ceilings, hardware, fixtures, and equipment; electrical wiring, conduits, receptacles, lighting systems, and all other portions of the electrical system of the Premises, life safety, plumbing pipes, plumbing fixtures, and all other portions of the plumbing system located in the interior of the Premises; and all ducts, fans, pumps, boiler and all other elements of the HVAC system of Premises, and the facilities for any other utilities serving the Premises. In addition, Tenant shall be responsible for compliance with any health, and life-safety requirements, including any disability access requirements, imposed by any local, state or federal governmental entity which are required for Tenant's or any subtenant's use or occupancy of the Premises. Tenant shall abate or remove all graffiti and defacement to the entry doors, windows, window casements, and exterior of the Premises.

6.4 Landlord's Maintenance Obligations. Landlord's sole responsibility shall be to repair any damage to the Premises caused by any actions or inactions within the portion of the Project other than the Premises, except to the extent that such repair is caused by actions or inactions of others within the portion of the Project outside of Landlord's control.

6.5 Tenant's Failure to Repair. If Tenant fails for any reason to repair and maintain the Premises as required by this Lease to Landlord's reasonable satisfaction within ten (10) days , after Landlord presents a written notice and demand for such repairs, except to the

EXHIBIT E

extent that graffiti must be removed by Tenant no less than three (3) days after written notice by Landlord, Landlord shall have the right, but not the obligation, to enter the Premises and perform such repairs or maintenance without liability to Tenant for any loss or damage to Tenant's property or interference with Tenant's business arising therefrom. If Landlord performs such repairs or maintenance, Tenants shall pay Landlord all costs thereof, plus a reasonable fee for supervision, administration and overhead, within ten days after receipt of Landlord's invoice.

6.6 No Self-Help. Tenant waives and shall have no right to make repairs at Landlord's expense under any law, statute or ordinance now or subsequently in effect, including without limitation the provisions of California Civil Code section 1942 and any similar or successor statutes.

6.7 Surrender. On the last day of the Term or on any sooner termination (the date of surrender being referred to as the **"Surrender Date"**), Tenant shall surrender the Premises to Landlord "broom" clean and free of debris in good order, repair, and condition, ordinary wear and tear excepted. Tenant shall repair any damage to the Premises occasioned by the installation or removal of Tenant's trade fixtures, furnishings, equipment, and other personal property installed by Tenant (collectively, **"Tenant's Property"**). Unless otherwise agreed at the time Landlord's approval for an Alteration is requested, all Alterations (as defined in Section 28), and other improvements constructed or installed by Tenant on the Premises shall become the property of Landlord and be deemed a part of the Premises.

If Tenant fails to remove any of Tenant's Property, or restore the Premises to the condition specified, Landlord shall have the right, in addition to such other rights and remedies as may be available at law or in equity, to perform all such removal and restoration at Tenant's sole cost and without notice or any other obligation to Tenant (including without limitation any obligation to mitigate damages or realize salvage value). Any of Tenant's Property not removed by Tenant on or before the Surrender Date shall be considered abandoned, and Landlord may remove any or all of Tenant's Property and dispose of it in any lawful manner, or may store any of Tenant's Property in a public warehouse or elsewhere for the account and at the expense and risk of Tenant.

7. Insurance and Indemnity.

7.1 Tenant's Insurance. Tenant shall maintain in full force and effect during the Term and any holdover period, at Tenant's sole cost, the following insurance:

(a) Property insurance covering perils normally associated with "all risk" coverage including, but not limited to the following: fire and extended coverage, smoke damage, vandalism, malicious mischief and sprinkler leakage. This insurance policy shall cover all of Tenant's Property and Alterations in an amount not less than one hundred percent (100%) of the full replacement cost.

EXHIBIT E

(b) Commercial General Liability Insurance (on an occurrence form) insuring bodily injury, personal injury and property damage including the following coverage: Premises and Operations; Owners and Contractors protective; blanket contractual liability (including coverage for Tenants' indemnity obligations under this Lease); products and completed operations. Such insurance shall have combined single limit of not less than \$1,000,000 for each occurrence and \$2,000,000 aggregate. Such base limit of liability may be increased from time to time at the request of Landlord to reflect inflation or any other changes in circumstances. This coverage shall be primary and shall not be entitled to any contribution from insurance carried by Landlord.

(c) Worker's Compensation as required by the laws of the State of California with the following base limit of liability: Coverage A-statutory benefit; Coverage B-\$1,000,000 per accident and disease, including Waiver of Subrogation.

(d) Comprehensive automobile liability coverage in the amount of \$1,000,000, combined single limit including coverage for owned and non-owned vehicles.

7.2 Other Requirements.

(a) All policies shall be (i) in a form reasonably satisfactory to Landlord, (ii) issued by an insurer admitted to do business in the State of California, and (iii) issued by insurers with a policyholder rating of at least "A-" and a financial rating of at least "VII" in the most recent version of Best's Key Rating Guide.

(b) All policies shall require the insurer to notify Landlord in writing not less than 30 days prior to any material change, reduction in coverage, cancellation or other termination thereof. Tenant shall deliver to Landlord as soon as practicable after procuring the required insurance, but in no event later than the commencement of the Term, certificate(s) of insurance. Tenant shall cause replacement certificates to be delivered to Landlord not less than 15 days prior to the expiration or cancellation of any such policy or policies.

(c) No policies shall have deductible amounts greater than \$5,000.

(d) The property insurance policy described in Section 7.1(a) shall name Landlord as loss payee, and the general liability policy described in Sections 7.1(b) shall name Landlord as additional insured.

(e) If Tenant fails to procure or maintain any of the insurance described above, Landlord reserves the right to procure such insurance and to charge to Tenant the cost of the insurance premium as additional Rent.

EXHIBIT E

7.3 Landlord's Insurance. Landlord agrees to maintain fire and all-risk property insurance on the Project during the Term of this Lease in an amount equal to one hundred percent (100%) of the replacement value of the Project.

7.4 Indemnity. Tenant shall indemnify and hold harmless Landlord, its officers, officials, agents, contractors, and employees (the "**Indemnitees**") from and against any and all claims, losses, costs, damages, liabilities and expenses (including, without limitation, reasonable attorneys' fees), arising, directly or indirectly, from (a) Tenant's use of the Premises, including, without limitation, any use in violation of Section 5 hereof, (b) the conduct of Tenant's business or anything else done or permitted by Tenant to be done in or about the Premises, (c) any misrepresentation, breach or default by Tenant under this Lease, or (d) any other act or omission by Tenant. Tenant shall defend Landlord against the same at Tenant's expense with counsel reasonably acceptable to Landlord or, at Landlord's election, Tenant shall reimburse Landlord for any legal fees or costs incurred by Landlord in connection with any such claim. Tenant's indemnity obligations shall survive the expiration or earlier termination of this Lease with respect to matters arising prior to such expiration or termination.

8. Damage or Destruction.

8.1 Definitions.

(a) "**Minor Damage**" shall mean damage or destruction to the Premises to the extent that the cost of repair is less than _____ Dollars (\$_____).

(b) "**Major Damage**" shall mean damage or destruction to the Premises to the extent that the cost of repair is equal to or greater than _____ Dollars (\$_____), but which damage is less than Premises Total Destruction.

(c) "**Premises Total Destruction**" shall mean damage or destruction to the Premises to the extent that the cost of repair is 50% or more of the then replacement cost of the Premises. "**Project Total Destruction**" shall mean damage or destruction to the Project to the extent that the cost of repair is 50% or more of the then replacement cost of the Project as a whole.

(d) "**Insured Loss**" shall mean damage or destruction to the Premises or the Project which was caused by an event covered by the insurance described in Section 7.1.

(e) "**Uninsured Loss**" shall mean damage or destruction to the Premises or the Project which was caused by an event which is not covered by the insurance described in Section 7.1.

EXHIBIT E

8.2 Insured Loss. Subject to the provisions of Sections 8.5 and 8.6, if at any time during the Term there is damage which is an Insured Loss, and provided all Project lenders allow Landlord to use the proceeds to rebuild, then Landlord shall repair such damage as soon as is reasonably possible and this Lease shall continue in full force and effect. Tenant shall not be entitled to any refund of prepaid Rent. The Term of this Lease shall automatically be extended for a period equal to the time, if any, that Tenant is unable to utilize the Premises for their intended use, and the parties shall enter into an amendment to the Lease to memorialize such extension.

8.3 Minor Damage/Uninsured Loss. Subject to the provisions of Section 8.6, if at any time during the Term there is Minor Damage which is an Uninsured Loss, unless caused by a negligent or willful act of Tenant (in which event Tenant shall make the repairs at Tenant's expense), Landlord shall repair such damage as soon as reasonably possible at Landlord's expense, in which event this Lease shall continue in full force and effect without any refund of prepaid Rent. The Term of this Lease shall automatically be extended for a period equal to the time, if any, that Tenant is unable to utilize the Premises for their intended use, and the parties shall enter into an amendment to the Lease to memorialize such extension.

8.4 Major Damage/Uninsured Loss. Subject to the provisions of Section 8.6, if at any time during the Term there is Major Damage which is an Uninsured Loss, unless caused by a negligent or willful act of Tenant (in which event Tenant shall make the repairs at Tenant's expense), Landlord shall, at its option, either (i) repair such damage as soon as reasonably possible at Landlord's expense, in which event this Lease shall continue in full force and effect without any refund of prepaid Rent, the Term of this Lease shall automatically be extended for a period equal to the time, if any, that Tenant is unable to utilize the Premises for their intended use, and the parties shall enter into an amendment to the Lease to memorialize such extension, or (ii) give written notice to Tenant within thirty (30) days after the date of the occurrence of such damage of Landlord's intention not to repair the damage and instead to cancel and terminate this Lease, effective as of the date of the occurrence of such damage, without any refund of prepaid Rent.

8.5 Total Destruction. If at any time during the Term there is damage, excluding damage caused by the Tenant, whether or not an Insured Loss, which is either Premises Total Destruction or Project Total Destruction, at the option of either Landlord or Tenant exercised within thirty (30) days of such damage, this Lease shall terminate as of the date of such total destruction. All insurance proceeds from Landlord's policy shall belong to Landlord.

8.6 Damage Near End of Term. If at any time during the last five (5) years of the Term there is damage, whether or not an Insured Loss, which is Minor Damage or Major Damage, Landlord may at Landlord's option cancel and terminate this Lease as of the date of occurrence of such damage by giving written notice to Tenant of Landlord's election to do so

EXHIBIT E

within 30 days after the date of occurrence of such damage. All insurance proceeds shall belong to Landlord.

8.7 Tenant's Remedies. If Landlord shall be obligated or shall elect to repair or restore the Premises under the provisions of this Section 8 and shall not commence such repair or restoration within 90 days after such damage or destruction, Tenant may at Tenant's option cancel and terminate this Lease by giving Landlord written notice of Tenant's election to do so at any time prior to the commencement of such repair or restoration. In such event this Lease shall terminate as of the date of such notice.

8.8 Waiver. Tenant waives the application of California Civil Code Sections 1932 and 1933, and any other law of similar import, now or hereafter in force, to any case of damage to or destruction of the Project or the Premises by fire or other casualty, or to a taking of all or part of the Project or the Premises, subject to the provisions of Section 13 below.

9. Taxes.

9.1 Real Estate Tax Definitions. Except as otherwise provided in Section 9.1, “*Real Estate Taxes*” shall mean all taxes, assessments, levies and other charges, which are assessed, levied or charged by a governmental or quasi-governmental entity or agency upon the Premises during the Term. Real Estate Taxes include (a) all taxes on the assessed value of the Premises (“*Property Taxes*”) and (b) all fees, assessments, excises or charges for transit, police, fire, housing, schools, sewer services, other governmental services, or purported benefits to the Premises and payments in lieu of taxes (“*Assessments*”).

9.2 Tax Payments. Tenant shall pay directly to the appropriate authorities prior to delinquency One Hundred Percent (100%) of any Property Taxes or Assessments attributable to the Premises. The parties acknowledge that the Premises may be exempt from Property Taxes, in the event that Tenant applies for and receives its charitable tax exemption from the federal and state governments for the Premises on an annual basis. The Tenant is solely responsible for applying for and obtaining any such exemption.

9.3 Personal Property Taxes.

(a) Tenant shall pay directly to the appropriate authorities prior to delinquency One Hundred Percent (100%) of taxes, if any, assessed against and levied upon Tenant’s Property and any trade fixtures, furnishings, equipment and all other personal property of Tenant’s contained in the Premises or elsewhere (“*Personal Property Taxes*”). When possible, Tenant shall cause said trade fixtures, furnishings, equipment and all other personal property to be assessed and billed separately from the Property.

EXHIBIT E

(b) If any of Tenant's personal property shall be assessed with Landlord's real property, Tenant shall pay Landlord the taxes attributable to Tenant's property within 10 days after receipt of a written statement setting forth the taxes applicable to Tenant's property.

10. Utilities and Other Services. Tenant shall arrange and pay providers directly for all utilities serving the Premises, including without limitation, electricity, gas, water, sewer, heat, ventilation and air conditioning, telephone, cable, internet, telephone, janitorial, and trash removal, and will ensure that all metered utilities other than water and sewer are separately metered to the Premises. Tenant shall maintain and pay for its separate trash removal service. In the event Landlord and Tenant reach an agreement by which trash removal service is shared with the Project, Tenant shall pay its proportionate share of such trash removal service based on the relative square footage of the Premises to other tenants of the Project.

11. Assignment and Subletting.

11.1 Right to Assign and Sublet.

(a) Tenant shall not have the right to assign or sublet all or any part of Tenant's interest in this Lease or in the Premises to Tenant's general partner or any entity affiliated with Tenant's general partner without obtaining the prior written consent of Landlord, which shall not be unreasonably withheld or delayed.

(b) Notwithstanding the foregoing, Tenant shall have the right to sublease the Premises to subtenants, provided that the use of any such space by any subtenant is consistent with the terms of this Lease.

(c) Any sublease shall be expressly subject to the terms of this Lease.

11.2 No Release of Tenant. No subletting or assignment shall release Tenant of Tenant's obligation or alter the primary liability of Tenant to pay the Rent and to perform all other obligations to be performed by Tenant hereunder. The acceptance of Rent by Landlord from any other person shall not be deemed to be a waiver by Landlord of any provision hereof. In the event of default by any assignee of Tenant or any successor of Tenant in the performance of any of the terms hereof, Landlord may proceed directly against Tenant without the necessity of exhausting remedies against said assignee.

12. Defaults; Remedies.

12.1 Defaults. The occurrence of any one or more of the following events shall constitute a material default and breach of this Lease by Tenant:

EXHIBIT E

(a) The failure by Tenant to make any payment of Rent or any other payment required to be made by Tenant hereunder, as and when due, where such failure shall continue for a period of ten days after written notice thereof from Landlord to Tenant, or the failure by Tenant to pay Rent or other payments required hereunder when due. In the event that Landlord serves Tenant with a Notice to Pay Rent or Quit pursuant to applicable Unlawful Detainer statutes such Notice to Pay Rent or Quit shall also constitute the notice required by this subparagraph.

(b) A default under Section 5 that is not cured within 10 days after notice thereof from Landlord to Tenant.

(c) The failure by Tenant to observe or perform any of the covenants, conditions or provisions of this Lease to be observed or performed by Tenant, other than described in Section (a) or (b) above, where such failure shall continue for a period of 30 days after written notice thereof from Landlord to Tenant; provided, however, that if the nature of Tenant's default is such that more than 30 days are reasonably required for its cure, then Tenant shall not be deemed to be in default if Tenant commenced such cure within said 30-day period and thereafter diligently prosecutes such cure to completion.

(d) Any of the following: (i) The making by Tenant of any general arrangement or assignment for the benefit of creditors; (ii) Tenant becomes a "debtor" as defined in 11 U.S.C. §101 or any successor statute thereto (unless, in the case of a petition filed against Tenant, the same is dismissed within 60 days); (iii) the appointment of a trustee or receiver to take possession of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease, where possession is not restored to Tenant within 30 days; or (iv) the attachment, execution or other judicial seizure of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease, where such seizure is not discharged within 30 days.

12.2 Remedies. In the event of any such material default or breach by Tenant, Landlord may at any time thereafter, with or without notice or demand and without limiting Landlord in the exercise of any right or remedy which Landlord may have by reason of such default or breach:

(a) Terminate Tenant's right to possession of the Premises by any lawful means, in which case this Lease shall terminate and Tenant shall immediately surrender possession of the Premises to Landlord. In such event the provision of Section 32 shall apply; or

(b) Pursue any other remedy now or hereafter available to Landlord under the laws or judicial decisions of the State of California.

EXHIBIT E

12.3 Default by Landlord. Landlord shall be in default if Landlord fails to perform obligations required of Landlord within thirty (30) days after written notice by Tenant to Landlord specifying how Landlord has failed to perform such obligation; provided, however, that if the nature of Landlord's obligation is such that more than thirty (30) days are required for performance then Landlord shall not be in default if Landlord commences performance within such 30-day period and thereafter diligently prosecutes the same to completion.

13. Condemnation. If the Premises or any material portion thereof or any material portion of the Project are taken (other than a temporary taking) under the power of eminent domain, or sold under the threat of the exercise of said power (all of which are herein called "**Condemnation**"), this Lease shall, at the option of either Landlord or Tenant, terminate effective as of the date of the taking provided that such party gives written notice to the other party not less than thirty (30) days prior to the taking. Any award for any taking of all or part of the Premises under the power of eminent domain shall be the property of Landlord, whether such award shall be made as compensation for diminution in the value of the leasehold or for the taking of the fee. Nothing contained herein, however, shall preclude Tenant from obtaining, or give Landlord any interest in, any separate award to Tenant for loss or damage to Tenant's trade fixtures or Tenant's unaffixed personal property, for Tenant's relocation expenses, or for damage resulting from cessation or interruption of Tenant's business, but only to the extent that such items of damage or loss are set forth in the award separately and distinctly from damage to or loss of the Premises or any part thereof. Tenant shall be entitled to participate in the proceedings relating to the determination of any award to Tenant. In the event that this Lease is not terminated by reason of a condemnation of a portion of the Premises, Landlord shall repair any damage to the Premises caused by such condemnation.

14. Government Regulations Tenant shall, at its sole cost and expense, faithfully observe in the use, occupation and possession of the Premises all laws, rules and regulations governing the use, occupancy or possession of the Premises now in force and which may hereafter be in force.

15. Time of Essence. Time is of the essence in the performance of all obligations of the parties under this Lease.

16. Additional Rent. Any monetary obligations of Tenant to Landlord under the terms of this Lease shall be deemed to be additional Rent.

17. Incorporation of Prior Agreements; Amendments. This Lease contains all agreements of the parties with respect to any matter mentioned herein. No prior agreement or understanding pertaining to any such matter shall be effective. This Lease may be modified in writing only, signed by the parties in interest at the time of the modification.

EXHIBIT E

18. Notices. All notices, requests, demands and other communications required to or permitted to be given under this Lease shall be in writing, addressed as set forth below and conclusively deemed to have been given or served, as follows: (1) when hand delivered to the other party; or (2) three business days after the same have been deposited in a United States post office with first-class or certified mail, return receipt requested, postage prepaid; or (3) the next business day after same have been deposited with an overnight delivery service reasonably approved by the parties, postage prepaid, with next business day delivery guaranteed, provided that the sending party receives a confirmation of delivery from delivery service provider, or (4) upon delivery via electronic mail, provided that (i) any electronic mail notice received after 5:00 p.m. on a business day shall be deemed received on the next business day and (ii) the sender also delivers the communication via one of the other methods set forth in this paragraph with two (2) business days following the delivery via electronic mail.

To Landlord: City of Rancho Cordova
2729 Prospect Park Drive
Rancho Cordova, CA 95670
Attention: City Manager [or designee]
Email: _____

To Tenant: Mercy Housing California 61, L.P.
3120 Freeboard Drive, Suite 202
West Sacramento, CA 95691
Attn: Stephan Daues
Email: _____

With a copy to: _____

Attn: _____
Email: _____

Any party may change its address for notice by written notice given to the other in the manner provided in this Section.

19. Waivers. No waiver by Landlord of any provision hereof shall be deemed a waiver of any other provision hereof or of any subsequent breach by Tenant of the same or any other provision. Landlord's consent to, or approval of, any act shall not be deemed to render unnecessary the obtaining of Landlord's consent to or approval of any subsequent act by Tenant. The acceptance of Rent hereunder by Landlord shall not be a waiver of any breach by Tenant of any provision hereof, regardless of Landlord's knowledge of such preceding breach at the time of acceptance of such Rent.

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20. Holding Over. If Tenant, with Landlord's consent, remains in possession of the Premises or any part thereof after the expiration of the Term, such occupancy shall be a tenancy from month to month upon all the provisions of this Lease pertaining to the obligations of Tenant.

21. Cumulative Remedies. No remedy or election hereunder shall be deemed exclusive but shall, wherever possible, be cumulative with all other remedies at law or in equity.

22. Binding Effect; Choice of Law. Subject to the provisions of Section 11, this Lease shall bind the parties, and their successors and assigns. This Lease shall be governed by the laws of the State of California.

23. Attorneys' Fees. If either party brings an action to enforce the terms hereof or declare rights hereunder, the prevailing party in any such action, or trial or appeal shall be entitled to its reasonable attorneys' fees to be paid by the losing party as fixed by the court.

24. Landlord's Access. Landlord and Landlord's agents shall have the right to enter the Premises at reasonable times for the purpose of inspecting the same, showing the same to prospective lenders or purchasers, or within the last 120 days of the Term to prospective lessees, and making such alterations, repairs, improvements or additions as Landlord is obligated or permitted to do under this Lease.

25. Consents. Except as otherwise expressly provided, wherever in this Lease the consent of one party is required to an act of the other party such consent shall not be unreasonably withheld.

26. Authority to Enter Into Contracts. The individuals executing this Lease on behalf of each party represent and warrant to the other party that they are fully authorized and legally capable of executing this Lease on behalf of Landlord and Tenant.

27. Tenant's Right to Make Additions and Alterations. Tenant shall not have the right to make additions, alterations and improvements to the Premises, including any Tenant Improvements, affecting the Project systems or with a construction value of more than \$_____ (***"Alterations"***), without the prior written consent of Landlord as described in this section. Any and all additions, alterations and improvements which are made or caused to be made by Tenant, including but not limited to Alterations, shall be made at Tenant's sole expense in accordance with the following: (i) such work, including, without limitation, Tenant's final working drawings, plans, specifications and choice of contractors, subcontractors and suppliers shall be subject to the prior written approval of Landlord, which approval shall not be unreasonably withheld; (ii) such work shall be done in conformity with a valid building permit which, when required, Tenant shall obtain at its sole cost, and shall furnish a copy to Landlord

EXHIBIT E

before the work is commenced; (iii) any work not acceptable to the appropriate governmental entity shall be promptly replaced at Tenant's expense; (iv) any such work shall not adversely affect the outside appearance and strength of the Premises or the mechanical, electrical and plumbing services and equipment thereof; (iv) such work shall not alter, add to or otherwise change the exterior of the Premises; (v) such work shall not cause or create a dangerous or hazardous condition and shall not interfere with or disturb other tenants or guests of the Project. Without limiting the generality of the foregoing, Tenant shall cause all such work to be performed in a workmanlike manner. Notwithstanding any failure by Landlord to object to any such work, Landlord shall have no responsibility therefor.

28. Title to Additions, Alterations and Improvements. Any additions, alterations, decorations, hardware, non-trade fixtures and all improvements, temporary or permanent, in or upon the Premises (including the installation of floor coverings) made or caused to be made by Tenant, before or during the Term, shall be considered permanent improvements and shall become part of the Premises, Tenant retaining no ownership thereof, unless Landlord notifies Tenant to the contrary in writing. If requested by Landlord, Tenant shall, within thirty (30) days of expiration or sooner termination of the Term, remove any and all such additions, alterations, or improvements. If, upon the request of Landlord, Tenant does not remove said additions, decorations, fixtures, hardware, non-trade fixtures and improvements, Landlord may remove them and Tenant shall pay the cost of such removal to Landlord upon demand. Upon any permitted or required removal of such items, or upon any removal thereof in violation of this Section, Tenant shall repair any damage caused by such removal and restore the Premises to their condition prior to the making of such additions, alterations and improvements, reasonable wear and tear excepted.

29. Personal Property and Trade Fixtures. All personal property of Tenant not affixed to the Premises shall be and remain the property of Tenant and may be removed by Tenant at any time during the Term, provided Tenant is not in default under the terms of this Lease. Tenant shall immediately repair any damage caused to the Premises in connection with any such removal.

30. Waiver. Landlord and Tenant each hereby waive, to the maximum extent permitted by law and any policies issued by their respective insurance companies, any and all rights of recovery against the other or against any other tenant or occupant of the Project or against the officers, employees, agents, patrons, representatives, and invitees of such other party or of such other tenant or occupant of the Project, for loss of or damage to such waiving party or its property or the property of others under its control, arising from any cause insured against under any fire and extended coverage insurance, or under any other insurance in lieu thereof, carried by such waiving party. Tenant shall obtain and furnish evidence to Landlord of the waiver of subrogation in favor of Landlord from all insurance carriers furnishing insurance hereunder. Landlord shall not be liable to Tenant for any damages arising from any act or omission of any other tenant of the Project. Tenant shall not be entitled to be indemnified by

EXHIBIT E

Landlord for any loss or liability, including, without limitation, any loss or liability arising out of or in any way connected with Tenant's maintenance, occupation, or use of the Premises. To the extent permitted by law, Tenant also hereby releases each of the "Indemnitees" (as defined in Section 7.4) from, and waives all claims for injury to a person or damage or loss of property sustained by Tenant or any guest or invitee of the Premises or the Project resulting from the Premises or the Project or any part thereof or any equipment or appurtenance becoming out of repair, or resulting from any accident in or about the Project, or resulting directly or indirectly from any act or neglect of any tenant or occupant of the Project or of any other person, including Landlord's agents and servants. This Section shall apply especially, but not exclusively, to the flooding of basements or other subsurface areas and to damage caused by refrigerators, sprinkling devices, air conditioning apparatus, water, snow and frost.

31. Mechanics' Liens. Without limiting Landlord's approval rights under Section 27, Tenant shall give Landlord twenty (10) days' prior written notice before any construction work on the Premises is undertaken by or on behalf of Tenant. Tenant shall do all things reasonably necessary to prevent the filing of any mechanic's liens or other liens against the Project, or any part thereof, by reason of work, labor, services or materials supplied or claimed to have been supplied to Tenant or anyone holding the Premises, or any part thereof, through or under Tenant. Without limiting the generality of the foregoing, Tenant shall record a notice of completion, promptly upon the completion of any such work, labor, services or supplying of materials, in the manner permitted by law. If any such lien shall at any time be filed Tenant shall promptly notify Landlord of same and shall either cause the same to be discharged of record within twenty (20) days after the date of filing the same, or, if Tenant, in its discretion and good faith, determines that such lien should be contested, it shall furnish such security as may be required by law to prevent any foreclosure proceedings against the Project, or any part thereof, during the pendency of such contest. If Tenant shall fail to discharge such lien within such period or fail to furnish such security, then, in addition to all other rights or remedies, Landlord may, but shall not be obligated to, discharge the same (i) by paying the amount claimed to be due, (ii) by procuring the discharge of such lien by deposit in court, (iii) by giving security, or (iv) in such other manner as is, or may be, prescribed by law. Any amount paid by Landlord for any of the aforesaid purposes, including all reasonable attorneys' fees to procure the discharge of such lien with all necessary disbursements in connection therewith, with interest thereon at the maximum rate permitted by law from the date of payment, shall be repaid by Tenant to Landlord on demand and, if unpaid, may at Landlord's election, be treated as additional Rent. Nothing herein contained shall imply any consent or approval by Landlord to the filing of mechanics' liens against the Project or any part thereof.

32. Termination and Entry. In the event Landlord terminates this Lease pursuant to Section 12.2(a), Landlord may (upon three (3) days' notice as provided in Sections 1161 and 1162 of the California Code of Civil Procedure or upon notice in lieu thereof), re-enter the Premises and take possession thereof and remove all persons therefrom, and Tenant shall have no further claim under this Lease. Such termination shall not relieve Tenant of any obligation

EXHIBIT E

hereunder that has accrued prior to the date of such termination. Landlord may take possession of all personal property of Tenant and of any other person that is located on the Premises, which property shall be deemed abandoned and in that event such items may be retained by Landlord as its property or disposed of by Landlord, in such manner as Landlord shall determine, and at Tenant's expense. Tenant hereby expressly waives any and all rights of redemption granted by or under present or future laws (including, without limitation, Sections 1174 and 1179 of California Code of Civil Procedure) in the event of Tenant's being evicted or dispossessed for any cause, or in the event of Landlord's obtaining possession of the Premises by reason of a default of Tenant under this Lease, or otherwise.

33. Hazardous Material. Tenant shall not cause or permit any Hazardous Material (other than those used in the ordinary course of business for commercial offices) to be brought upon, kept or used in or about the Premises or the Project by Tenant, its agents, employees, contractors or invitees, without the prior written consent of Landlord. If Tenant breaches the obligations stated in the preceding sentence, or if the presence of Hazardous Material on the Premises or the Project caused or permitted by Tenant results in contamination of the Premises or the Project, or if contamination of the Premises or the Project by Hazardous Material otherwise occurs for which Tenant is legally liable to the Landlord for damage resulting therefrom, then Tenant shall indemnify, hold Landlord harmless, and defend Landlord (with counsel reasonably acceptable to Landlord) from any and all claims, judgments, damages, penalties, fines, costs, liabilities or losses (including, without limitation, diminution in value of the Premises or the Project, damages for the loss or restriction on use of rentable or usable space or of any amenity of the Premises or the Project, damages arising from any adverse impact on marketing of space in the Project, and sums paid in settlement of claims, attorneys' fees, consultant fees and expert fees) which arise during or after the Term as a result of such contamination. This indemnification of Landlord by Tenant includes, without limitation, costs incurred in connection with any investigation of site conditions or any cleanup, remedial, removal or restoration work required by any federal, state, or local governmental agency or political subdivision because of Hazardous Material present on or in the soil or ground water on or under the Premises or the Project to the extent caused by Tenant. Without limiting the foregoing, if the presence of any Hazardous Material on the Premises or the Project caused or permitted by Tenant results in any contamination of the Premises or the Project, Tenant shall promptly take all actions at its sole expense as are necessary to return the Premises or the Project to the condition existing prior to the introduction of any such Hazardous Material to the Premises or the Project; provided that Landlord's approval of such actions shall first be obtained, which approval shall not be unreasonably withheld as long as such actions would not potentially have any material adverse long-term or short-term effects on the Premises or the Project.

As used herein, the term "**Hazardous Material**" means any hazardous or toxic substance, material or waste which is or may become regulated by any local governmental authority, the State of California or the United States government. The term "Hazardous Material" includes, without limitation, any material or substance which is (i) defined as a "hazardous waste,"

EXHIBIT E

"extremely hazardous waste" or "restricted hazardous waste" under Sections 25115, 15117 or 15122.7, or listed pursuant to Section 25140, of the California Health and Safety Code, Division 20, Chapter 6.5 (Hazardous Waste Control Law) or (ii) defined as a "hazardous substance" under Section 25316 of the California Health and Safety Code.

34. Severability. The invalidity of any provision of this Lease as determined by a court of competent jurisdiction, shall in no way affect the validity of any other provision hereof.

35. Rights of Special Limited Partner. Landlord acknowledges that, pursuant to Tenant's agreement of limited partnership, as amended ("**Partnership Agreement**"), Tenant may have to obtain the approval of Tenant's special limited partner and its successors and assigns (the "**Special Limited Partner**"), with respect to the various matters for which Tenant's approval is required hereunder and with respect to any amendment, modification or termination or surrender of this Lease, and that such approvals will be obtained for the matters and within the time limits provided in the Partnership Agreement.

36. Counterparts. This Lease may be executed in counterparts, each of which shall be deemed an original and all of which, when taken together, shall constitute one document.

Signatures on Following Page

EXHIBIT E

By: _____

Name: _____

Title: _____

EXHIBIT E**EXHIBIT A
LEGAL DESCRIPTION OF THE PREMISES**

Exhibit A

EXHIBIT E

EXHIBIT B
FORM OF MEMORANDUM OF LEASE
(attached)

Exhibit B

EXHIBIT E

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

MEMORANDUM OF LEASE

This Memorandum of Lease ("Memorandum") is entered into as of this ____ day of _____, 20__ by and between **The City of Rancho Cordova**, a California municipal corporation ("**Landlord**") and **Mercy Housing California 61, L.P.**, a California limited partnership ("**Tenant**") with respect to that certain unrecorded Parcel 4 Space Lease dated as of _____, 20__ between Landlord and Tenant, as amended from time to time (the "Lease").

Subject to the terms and conditions set forth in the Lease, Lessor is leasing to Lessee, and Lessee is leasing from Lessor those certain Premises (hereinafter called "Premises") situated in the Rancho Cordova, County of Sacramento, State of California, described on **Exhibit A**, said Premises being approximately 5,221 rentable square feet, more specifically described as: _____, Rancho Cordova, California.

The Lease is for eighty (80) years, beginning on _____ and terminating on at 12:01 a.m. on the eightieth (80) anniversary of such date (the "Term").

This Memorandum shall incorporate herein all of the terms and provisions of the Lease as though fully set forth herein.

This Memorandum is solely for recording purposes and shall not be construed to alter, modify, amend or supplement the Lease, of which this is a memorandum.

This Memorandum may be executed in counterparts.

EXHIBIT E

The parties have executed this Memorandum as of the date first written above.

"LANDLORD"

THE CITY OF RANCHO CORDOVA,
a California municipal corporation

By: _____

Name: _____

Title: _____

ATTEST:

By: _____,
City Clerk

APPROVED AS TO FORM:

By: _____,
City Attorney

"TENANT"

MERCY HOUSING CALIFORNIA 61, L.P.,
a California limited partnership

By: Mercy Housing Calwest,
a California nonprofit public benefit corporation, its general
partner

By: _____

Name: _____

Title: _____

ALL SIGNATURES MUST BE NOTARIZED

EXHIBIT A TO MEMORANDUM OF LEASE**LEGAL DESCRIPTION OF THE PREMISES**

EXHIBIT E

2112847.1

EXHIBIT F

EXEMPT FROM RECORDING FEES
PER GOVERNMENT CODE §§6103, 27383

Recording requesting by:
and when recorded mail to:

City of Rancho Cordova
2729 Prospect Park Drive
Rancho Cordova, California 95760
Attention: City Clerk

_____ SPACE ABOVE THIS LINE FOR RECORDER'S USE _____

AFFORDABLE HOUSING REGULATORY AGREEMENT

AND

DECLARATION OF RESTRICTIVE COVENANTS

by and between
THE CITY OF RANCHO CORDOVA,

&

MERCY HOUSING CALIFORNIA, A 501(C)(3) NOT FOR PROFIT CORPORATION

THIS AFFORDABLE HOUSING REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS ("Agreement") is made this day of _____, 2013 ("Effective Date"), by and between Mercy Housing, a 501(c)(3) Not For Profit Corporation (the "**Developer**"), and the City of Rancho Cordova, a California municipal corporation (the "**City**"). The Developer and the City are referred to herein collectively as the "**Parties**."

RECITALS

A. Pursuant to that certain Disposition and Development Agreement dated as of _____, 2013, between the Parties (the "**DDA**"), which is incorporated by this reference as if fully set forth herein, City has assigned that certain leasehold interest in Parcel 1 and has leased Parcel 4 ("air-rights parcel"), as more particularly described in Exhibit A attached hereto and incorporated by reference (collectively, the "**Property**") for development by Developer, consisting of the construction of a multi-family affordable residential rental project for disabled and homeless veterans (the

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"**Project**") on the Property, and has further agreed to provide a no interest permanent loan to Developer in the total principal amount not to exceed Two Million Dollars (\$2,000,000) (the "**Permanent Loan**"). The Project consists of fifty (50) units, each of which shall be restricted for occupancy by eligible households with incomes at or below fifty percent (50%) of the Area Median Income ("**AMI**") for a period of fifty-five (55) years from issuance of a final certificate of occupancy for the Project.

B As a condition of the assignment and/or lease of the Property and the provision of the Permanent Loan, Developer agrees to place specified restrictions upon the use and transfer of the Property in order to ensure continued Project affordability..

C. The Parties intend that the covenants set forth in this Agreement shall run with the land and be binding upon Developer and Developer's successors and assigns as further provided herein.

D. Capitalized terms not defined herein, if any, shall have the meaning ascribed to them in the DDA.

NOW THEREFORE, in consideration of the promises herein and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, the Parties covenant and agree as follows:

1. Definitions

"**Actual Household Size**" means the actual number of persons in the applicable household.

"**Adjusted for Family Size Appropriate for the Unit**" shall be determined consistent with Section 50052.5(h) of the California Health and Safety Code and applicable federal rules, if any.

"**Affordable Rent**" means thirty percent (30%) of fifty percent (50%) of Area Median Income, or of thirty percent (30%) of Area Median Income, as applicable to the particular Unit, Adjusted for Family Size Appropriate for the Unit.

"**Area Median Income**" or "**AMI**" means the median income for Sacramento County, adjusted for Actual Household Size, as published from time to time by the U.S. Department of Housing and Urban Development ("HUD") pursuant to Section 8 of the United States Housing Act of 1937.

"**Eligible Household**" means a household for which household income upon initial occupancy does not exceed the maximum income level for a Restricted Unit, and in which at least one (1) member is a disabled and/or homeless veteran. .

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“Extremely Low-Income Household” means a household whose gross income does not exceed thirty percent (30%) of the Area Median Income, Adjusted for Actual Household Size.

"Rent" means all charges, other than deposits, paid by a tenant for the use and occupancy of a Restricted Unit and any mandatory charge for direct or supportive tenant services in a rental housing development, including a utility allowance in an amount determined by the local Housing Authority with jurisdiction over the Project.

"Restricted Unit" means one of the fifty (50) dwelling units in the Project that are reserved for occupancy by a Very Low-Income Household or Extremely Low-Income Household, as applicable..

"Term of this Agreement" means the period through the fifty-fifth (55th) anniversary of the issuance of the final certificate of occupancy for the Project.

"Very Low-Income Household" means a household whose gross income does not exceed fifty percent (50%) of the Area Median Income, adjusted for Actual Household Size.

2. Affordability Restrictions and Unit Schedule

Upon issuance of a final certificate of occupancy and for the entire Period of Affordability (as defined in Section 8, below), the Project shall be rented to, at a Rent no greater than Affordable Rent, and occupied by (or if vacant, available for occupancy by) Very Low-Income Households or Extremely Low-Income Households, according to the following schedule of Restricted Units:

	1 bedroom	2 bedroom	bedroom	4 bedroom
At or Below 50% AMI	44	6	0	0

3. Tenant Selection Standards

During the Period of Affordability the Developer shall select tenants in conformance with the requirements of California Code of Regulations, Title 25, Division 1, Chapter 7, Subchapter 19, Section 8305. Additionally, all occupancy requirements shall be consistent with TCAC requirements and any inconsistencies between funding sources shall be resolved by deferring to the most restrictive requirement.

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- a. Developer shall rent vacant Restricted Units only to Eligible Households in accordance with a Management Plan approved by City. Such Management Plan may be periodically altered and such alteration must be submitted to and approved by City prior to use. The Management Plan shall include:
 - (1) Reasonable criteria for selection or rejection of tenant applications which shall not discriminate in violation of any federal, state or local law governing discrimination, or any other arbitrary factor;
 - (2) Prohibition of local residency preferences, except where accompanied by an equal preference for employment in the local area and applied to areas not smaller than municipal jurisdictions or recognized communities within unincorporated areas;
 - (3) Tenant selection procedures that include the following components, and that are available to prospective tenants upon request:
 - (A) Selection of tenants based on order of application, lottery or other reasonable method approved by City;
 - (B) Prompt written notification to tenant applicants of eligibility for residency and, based on turnover history for Restricted Units, the approximate date when a Restricted Unit may be available;
 - (C) Prompt written notification of tenant applicants who are found ineligible to occupy a Restricted Unit of their ineligibility and the reason for the ineligibility, and of their right to appeal this determination;
 - (D) Maintenance of a waiting list of applicant households eligible to occupy Restricted Units designated for various tenant income levels, which shall be made available at no charge to prospective tenants upon request;
 - (E) Targeting specific special needs populations in accordance with this Agreement and applicable laws; and
 - (F) Affirmative fair housing marketing procedures as specified in the Affirmative Fair Housing Marketing Plan Compliance Regulations of HUD, 24 CFR Part 200.620(a)-(c), or similar affirmative fair marketing housing plan as approved by City.
4. Certification of Tenant Income, Household Size and Age Qualifier
- a. The income and household size of all households occupying Restricted Units, and evidence that the head of household is a homeless and/ or

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disabled veteran, shall be certified by Developer prior to occupancy and recertified annually thereafter in a manner approved by City and specified in the Project's Management Plan. All occupancy requirements shall be consistent with TCAC requirements and any inconsistencies between funding sources shall defer to the most restrictive requirement.

- b. If the income of a tenant upon recertification exceeds the upper limit for households at or below fifty percent (50%) of AMI, the tenant must pay as rent the lesser of the amount payable by the tenant under state or local law or thirty percent (30%) of the household's adjusted monthly income for rent and utilities; except that the rent may not exceed the market rent for comparable, unassisted units in the neighborhood; provided however, that pursuant to 24 CFR § 92.252(i)(2), Restricted Units subject to a California Tax Credit Allocation Committee ("**CTCAC**") Regulatory Agreement shall be governed by such agreement with respect to tenants who upon recertification no longer qualify as Very Low-Income Households.
- c. If at the time of recertification a tenant's household size has changed and no longer meets the occupancy standards pursuant to Section 3b, Developer may require the tenant to move to the next available appropriately sized unit.

5. Marketing Plan

- a. Not later than thirty (30) days prior to the anticipated date of issuance of a certificate of occupancy for the Project, Developer shall prepare a Marketing or outreach Plan for City's review and approval, and shall implement such plan as approved by the City. The Marketing/outreach Plan shall specify how Developer intends to market the Project to prospective tenants in the Project's market area in accordance with fair housing laws and this Agreement. The Marketing Plan shall specifically address how Developer intends to market the Project to disabled and/or homeless veterans in the Project's market area and the frequency of marketing efforts. City agrees that Developer may utilize the HUD 935.2 Affirmative Fair Housing Marketing Plan for these purposes.
- b. Developer agrees to evaluate the effectiveness of the Marketing Plan in reaching underserved populations on an annual basis and to revise it as necessary to better reach underserved populations that are not being reached. Any revised Marketing Plan shall be submitted to City for approval prior to implementation.

EXHIBIT F**6. Unit Standards**

For the full Permanent Loan term, the number, size, type, and amenity level of Restricted Units shall not be fewer than the number nor different from the size, type and amenity level described in Section 2 and Recital A, above.

7. Rental Agreement and Grievance Procedures

The rental agreement and grievance procedures shall be in accordance with California Code of Regulations, Title 25, Division 1, Chapter 7, Subchapter 19, Section 8307.

- a. Term Rental or occupancy agreements may be for a term of one (1) year but tenants must also be offered the option of a six (6) month term.
- b. City Approval All rental or occupancy agreements are subject to City approval; and shall include the following:
 1. Provisions requiring good cause for termination of tenancy;
 2. A provision requiring that the facts constituting the grounds for any eviction be set forth in the notice provided to the tenant pursuant to state law;
 3. A notice of grievance procedures for hearing complaints of tenants and appeal of management action; and
 4. A requirement that the tenant annually recertify household income and size.
- c. Termination of Tenancy Developer shall not terminate the tenancy or refuse to renew the lease of a tenant except for serious or repeated violations of the terms and conditions of the lease; for violation of applicable federal, state, or local law; or for other good cause.
- d. Written Notice To terminate or refuse to renew tenancy, Developer must serve written notice upon the tenant in compliance with State law, specifying the grounds for the action, and served at least thirty (30) days prior to the termination of the tenancy.
- e. “Good Cause” One or more of the following, without limitation, may constitute “good cause”:
 1. Failure by the tenant to maintain applicable eligibility requirements as imposed by City or other state or federal funding sources or tax credits;

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2. Material noncompliance by the tenant with the lease, including one or more substantial violations of the lease or habitual minor violations of the lease which:
 - A. Adversely affect the health and safety of any person or the right of any tenant to the quiet enjoyment of the leased premises and related Project facilities;
 - B. Substantially interfere with the management, maintenance, or operation of the Project; or
 - C. Result from the failure or refusal to pay, in a timely fashion, Rent or other permitted charges when due. Failure or refusal to pay in a timely fashion is a minor violation if payment is made during the three- (3-) day notice period;
 3. Material failure by the tenant to carry out obligations under federal, State, or local law;
 4. Subletting by the tenant of all or any portion of any Project Unit;
 5. Any other action or conduct of the tenant constituting significant problems which can be reasonably resolved only by eviction of the tenant, provided Developer has previously notified the tenant that the conduct or action in question would be considered cause for eviction. Examples of action or conduct in this category include the refusal of a tenant, after written notice, to accept reasonable rules or any reasonable changes in the lease or the refusal to recertify income or household size.
 6. Notwithstanding the foregoing, if any part of this Section 7(e) is determined to not be "good cause" pursuant to Section 42 of the Internal Revenue Code of 1986, Section 42 of the Internal Revenue Code of 1986 shall control
- f. Prohibited Lease Provisions The lease may not contain any of the following provisions:
1. Agreement by the tenant to be sued, to admit guilt, or to a judgment in favor of Developer or Developer's agent in a lawsuit brought in connection with the lease;

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2. Agreement by the tenant that Developer or Developer Agent may take, hold, or sell personal property of household members without notice to the tenant and a court decision on the rights of the parties. This prohibition, however, shall not apply to an agreement by the tenant concerning disposition of personal property remaining in the housing unit after the tenant has moved out of the unit. Developer may dispose of this personal property in accordance with State law;
 3. Agreement by the tenant not to hold Developer or Developer's agent(s) legally responsible for any action or failure to act, whether intentional or negligent;
 4. Agreement of the tenant that Developer or Developer's agent may institute a lawsuit without notice to the tenant;
 5. Agreement by the tenant that Developer or Developer's agent may evict the tenant or household members without instituting a civil court proceeding in which the tenant has the opportunity to present a defense, or before a court decision on the rights of the parties;
 6. Agreement by the tenant to waive any right to a trial by jury;
 7. Agreement by the tenant to waive tenant's right to appeal, or to otherwise challenge in court, a court decision in connection with the lease; and
 8. Agreement by the tenant to pay attorneys' fees or other legal costs even if the tenant wins in a court proceeding by the Developer or Developer's agent against the tenant. The tenant, however, may be obligated to pay costs if the tenant loses.
- g. Rules of Conduct Developer and Developer's Agent shall establish reasonable rules of conduct and occupancy. Such rules shall be consistent with state law and regulations. Said rules shall be in writing and shall be given to each tenant upon occupancy. Any changes shall become effective no fewer than thirty (30) days after giving written notice thereof to each tenant household.
- h. Appeal & Grievance Procedures Developer and Developer's Agent shall adopt an appeal and grievance procedure to resolve grievances filed by tenants and appeals of actions taken by Developer or Developer's Agent with respect to tenants' occupancy in the Project, and prospective tenants' applications for occupancy. Developer shall provide City with a copy of procedures and documentation used to guide the grievance and appeal

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process. Developer's appeal and grievance procedures shall be subject to City's approval and, at a minimum, shall include the following:

1. A requirement for delivery to each tenant and applicant of a written copy of the appeal and grievance procedure;
2. Procedures for informal dispute resolution;
3. A right to a hearing before an impartial body, which shall consist of one or more persons with the power to render a final decision on the appeal or grievance; and
4. Procedures for the conduct of an appeal or grievance hearing and the appointment of an impartial hearing body.

8. Period of Affordability

Developer acknowledges that the Permanent Loan is being made to Developer under the terms and conditions of the DDA to ensure affordable housing for Project tenants. To preserve affordability of the Restricted Units, Developer covenants that the Restricted Units shall remain affordable for a period of fifty-five (55) years (hereinafter referred to as the “**Period of Affordability**”) from the date of “Project Completion” as specified at 24 CFR 92.2. It is intended by the parties to this Agreement, that this covenant shall run with the land in accordance with the provisions of 24 CFR 92.252, with the benefit of this covenant running to the City, in order to preserve the public interest in maintaining the affordability of the Restricted Units. The Period of Affordability will remain without regard to the term of any mortgage or the transfer of the Property, other than by foreclosure or deed in lieu of foreclosure.

9. Restrictions on Transfer or Conversion

- a. Upon any transfer, including transfer by gift, devise, descent, foreclosure, assignment, deed in lieu of foreclosure, condemnation, or voluntary or involuntary bankruptcy, of the Property without the prior written approval of City, all principal, interest and costs then owing upon the Permanent Loan will become immediately due and payable to City.
- b. City may approve a transfer or conveyance of Developer's interest in the Property provided that all of the following conditions are met: (i) the existing Developer is in compliance with this Agreement or the sale, transfer or conveyance will result in the cure of any existing violations of this Agreement; (ii) the successor-in-interest to Developer agrees to assume all obligations of the existing Developer pursuant to this Agreement; (iii) the successor-in-interest demonstrates to City's satisfaction that it can operate the Project in full compliance with all City

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requirements; and (iv) City determines, in the sole exercise of its reasonable discretion, that no terms of the transfer or conveyance threaten City's security or the successor's ability to comply with all requirements of this Agreement.

- c. Developer shall not convert the Project to condominium or cooperative ownership or sell condominium or cooperative rights to the Project or any part thereof during the Period of Affordability.
- d. Nothing contained in this Section 9 shall prohibit the transfer of the Property or Developer's interest therein that is permitted under Article VIII of the DDA..

10. Restrictions on Encumbrances.

Developer covenants that Developer has not, and shall not enter into or execute any other agreement with provisions contrary to the provisions of this Agreement, or contrary to the intent of maintaining the affordability of the Property for the full Period of Affordability described in Section 8, above; provided, however, that Developer may, without the written consent of City, enter into a Regulatory Agreement with CTCAC with regard to tax credits. In all cases, the provisions of 24 CFR 92.252(e) shall continue to apply to the Project. Developer further covenants that it has not, and shall not, otherwise encumber the Property, including without limitation by way of mortgage or deed of trust, or by judgment, mechanic's, tax or other lien without City's prior written consent.

11. Reserve Accounts

In compliance with the Tax Credit Program, capitalized reserve accounts totaling _____, including a Permanent Operating Reserve Account in the amount of not less than _____, and a Replacement Reserve Account in the amount of _____, shall be established, funded and maintained by Developer. Reserves for replacement shall be in accordance with the requirements of the Tax Credit Program and as required by any senior lender. In Years 1 through 5, the annual deposit to the Replacement Reserve Account shall be in the amount of Four Hundred Dollars (\$400) per unit per year. The annual deposit amount for Years 6 through 55 shall be based on a third-party physical needs assessment to be prepared at the Developer's expense every five (5) years from the Effective Date, assessing the replacement needs of the Project.

12. Non-Discrimination; Compliance with Fair Housing Laws

a. Fair Housing. Developer shall comply with State and Federal fair housing laws in the marketing and rental of the units in the Project.

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b. Non-Discrimination. Developer shall not restrict the rental, sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property, or any portion thereof, on the basis of race, color, religion, creed, sex, sexual orientation, disability, marital status, ancestry, or national origin of any person. Developer covenants for itself and all persons claiming under or through it, and this Agreement is made and accepted upon and subject to the condition that there shall be no discrimination against or segregation of any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property or part thereof, nor shall Developer or any person claiming under or through Developer establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in, of, or for the Property or part thereof. Developer shall include such provision in all deeds, leases, contracts and other instruments executed by Developer, and shall enforce the same diligently and in good faith.

All deeds, leases or contracts made or entered into by Developer, its successors or assigns, as to any portion of the Property or the Improvements shall contain the following language:

(1) In Deeds, the following language shall appear:

“Grantee herein covenants by and for itself, its successors and assigns, and all persons claiming under or through it, that there shall be no discrimination against or segregation of a person or of a group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the property herein conveyed nor shall the grantee or any person claiming under or through the grantee establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the property herein conveyed. The foregoing covenant shall run with the land.”

Notwithstanding the above paragraph, with respect to familial status, paragraph (1) shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in paragraph (1) shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11 and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and

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Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to paragraph (1).

(2) In Leases, the following language shall appear:

“The lessee herein covenants by and for the lessee and lessee’s heirs, personal representatives and assigns, and all persons claiming under the lessee or through the lessee, that this lease is made subject to the condition that there shall be no discrimination against or segregation of any person or of a group of persons on account of race, color, creed, religion, sex, sexual orientation, marital status, national origin, ancestry or disability in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the property herein leased nor shall the lessee or any person claiming under or through the lessee establish or permit any such practice or practices of discrimination of segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, sublessees, subtenants, or vendees in the property herein leased.”

Notwithstanding the above paragraph, with respect to familial status, paragraph (1) shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in paragraph (1) shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11 and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to paragraph (1).

(3) In Contracts

“There shall be no discrimination against or segregation of any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the property nor shall the transferee or any person claiming under or through the transferee establish or permit any such practice or practices of discrimination or segregation with reference to selection, location, number, use or occupancy of tenants, lessee, subtenants, sublessees or vendees of the land.”

Additional language may be required by City staff.

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13. Default and Remedies

a. Events of Default The occurrence of any one or more of the following events shall constitute an event of default ("**Event of Default**") hereunder:

(1) The occurrence of a transfer, sale or conversion in violation of Section 9 hereof or an encumbrance in violation of Section 10 hereof;

(2) If, pursuant to or within the meaning of the United States Bankruptcy Code or any other federal or state law relating to insolvency or relief of debtors ("Bankruptcy Law"), Developer thereof (i) commences a voluntary case or proceeding; (ii) consents to the entry of an order for relief against Developer or any general partner thereof in an involuntary case; (iii) consents to the appointment of a trustee, receiver, assignee, liquidator or similar official for Developer or any general partner thereof; (iv) makes an assignment for the benefit of its creditors; or (v) admits in writing its inability to pay its debts as they become due;

(3) A court of competent jurisdiction shall have made or entered any decree or order (1) adjudging the Developer to be bankrupt or insolvent, (2) approving as properly filed a petition seeking reorganization of the Developer or seeking any arrangement for Developer under bankruptcy law or any other applicable debtor's relief law or statute of the United States or any state or other jurisdiction, (3) appointing a receiver, trustee, liquidator, or assignee of Developer in bankruptcy or insolvency or for any of its properties, or (4) directing the winding up or liquidation of the Developer;

(4) Developer shall have assigned its assets for the benefit of its creditors (other than pursuant to a mortgage loan) or suffered a sequestration or attachment of or execution on any substantial part of its property, unless the property so assigned, sequestered, attached or executed upon shall have been returned or released within sixty (60) days after such event (unless a lesser time period is permitted for cure under any other mortgage on the property or the improvements thereon, in which event such lesser time period shall apply under this subsection as well) or prior to any sooner sale pursuant to such sequestration, attachment, or execution;

(5) Developer shall have voluntarily suspended its business or Developer shall have been dissolved or terminated; or

(6) Any material breach by Developer or any of its successors of any representation, warranty or covenant hereunder, which is not cured within thirty (30) days after notice thereof given by the City, or, if a cure is not possible within thirty (30) days, where cure is not commenced within thirty (30) days and thereafter diligently prosecuted to completion.

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b. Remedies If an Event of Default occurs under the DDA, this Agreement or documents for the Permanent Loan, City may give written notice to the Developer by certified mail or any express delivery service with a delivery receipt requested. If the breach or violation is not cured to the satisfaction of the Party so notifying Developer within the time period specified in the notice, which shall not be fewer than thirty (30) days, the notifying Party may declare a default and may seek legal remedies including the following:

(1) Collect all rents and income in connection with the operation of the Project and use the same and the reserve funds for the operation and maintenance of the Project.

(2) Take possession of the Project and bring any action necessary to enforce any rights of the Developer arising from the operation of the Project, and operate the Project in accordance with the terms of this Agreement until such time as the City , in its sole discretion, shall determine that the Developer is again in a position to operate the Project in accordance with the terms of this Agreement.

(3) Apply to the applicable state or federal court for an order of specific performance of this Agreement, or for the appointment of a receiver to take over and operate the Project in accordance with the terms of this Agreement, or for such other relief as may be appropriate. It is agreed by the Developer that the injury to the City arising from a default under any of the terms of this Agreement would be irreparable, and that the amount of compensation which would provide adequate relief to the City , would be impossible to ascertain.

(4) Accelerate all amounts, including outstanding principal and interest, due under the Permanent Loan, and demand immediate repayment thereof. Upon a failure to repay such accelerated amount in full, the City may proceed with a foreclosure in accordance with the provisions of Permanent Loan Leasehold Deed of Trust and State law regarding foreclosures.

(5) The City may seek such other remedies as may be available under law or equity.

(6) In the event that the breach or violation involves the rents to tenants or other charges in excess of those permitted under this Agreement, the City may demand, and seek as an additional remedy, the return of such excess rents or other charges to the affected households.

c. Remedies Cumulative The remedies of the City hereunder are cumulative, and the exercise of one or more of such remedies shall not be deemed an election of remedies and shall not preclude the exercise by the City of any one or more of its other remedies.

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d. Rights of Limited Partners. Developer's limited partners shall have the right to cure any default of Developer hereunder upon the same terms and conditions afforded to Developer. Whenever City delivers any notice of default hereunder, City shall concurrently deliver a copy of such notice to Developer's limited partner(s) at the following address (or such alternate address designated by such limited partner(s) from time to time in a written notice to City):

14. Recordkeeping and Reports

Developer or the management agent designated by Developer, as approved by City, will be responsible for recordkeeping and reports, including those required to comply with Fair Housing and Equal Opportunity requirements, as may be required by City. The management agent will establish and maintain a comprehensive system of records, books, and accounts in a manner conforming to the directives of Developer in order to assist City in meeting Federal and State recordkeeping and reporting requirements, as applicable. All records, books, and accounts will be subject to examination at reasonable hours by any authorized representative of City. All such records and books shall be kept for a period of at least seven (7) years in a manner designed to protect them from destruction or tampering, and shall be subject to inspection and audit by the City, or its authorized agents.

15. Maintenance & Management

- a. Developer is solely and specifically responsible for all maintenance, repair, and management functions for the Project, including without limitation, selection of tenants, certification and recertification of household eligibility, income and size; evictions, collection of rents, maintenance, landscaping, routine and extraordinary repairs, replacement of capital items, and security. Developer shall maintain units and common areas in a safe and sanitary manner in accordance with local health, building, and housing codes, HUD housing quality standards pursuant to 24 CFR 882.109. City shall not have any responsibility for management or maintenance of the Property or the Project, but shall have the remedies provided for in Section 13 hereof, which they may exercise at their option as applicable.
- b. Developer may contract with a management agent for the performance of the services or duties required in Section 15a above. However, doing so shall not relieve Developer of responsibility for proper performance of said duties. Any such contract shall contain a provision allowing Developer to terminate the contract without penalty with no more than thirty (30) days' notice. Upon determination by City and notice to Developer that the contracted management agent has failed to operate the Project in accordance with this Agreement, Developer shall exercise such right of termination forthwith and shall immediately make arrangements, subject to

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City approval, for continuing performance of the requirements of this Agreement.

- c. If Developer operates the Project directly without contracting with a management agent and City determines that the Project is not being operated in accordance with this Agreement, City may provide notice to Developer thereof, and may require Developer to contract with a management agent to operate the Project, or to make such other arrangements as City deems necessary to ensure performance of the requirements of this Agreement.

16. Inspections

- a. Developer shall allow City access to the Project to conduct inspections on an annual basis, or more frequently, with fourteen (14) days written notice to Developer.
- b. Developer shall provide tenants with a minimum of twenty-four (24) hours written notice prior to seeking access to a tenant unit for inspection purposes. In said notice, Developer shall clearly inform tenant of the purposes of the inspection.

17. Hazard & Liability Insurance

- a. Developer shall at all times keep the development insured against loss by fire, flood (as required pursuant to 24 CFR 92.358), and other such hazards, casualties, liabilities and contingencies, and in such amounts and for such periods as set forth in the DDA. All insurance policies and renewals thereof shall be issued by a carrier and in a form acceptable to City. Property insurance policies shall name City as an additional insured in a manner approved by City.
- b. Insurance proceeds and condemnation awards for any loss to or taking of the Project, or any portion thereof, shall be applied or utilized by Developer as provided in the Leasehold Deed of Trust for the Permanent Loan..

18. Governing Law

This Agreement shall be construed in accordance with and be governed by the laws of the State of California.

EXHIBIT F**19. Successors and Assigns**

This Agreement and all the covenants, promises, and agreements contained in it shall be binding on and inure to the benefit of the Parties and their respective legal and personal representatives, devisees, heirs, successors, and assigns.

20. Severability

If any provision of this Agreement shall be invalid, illegal, or unenforceable, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby unless, in the sole discretion of City, the invalidity, or unenforceability of the provision negates the purpose of this Agreement and/or threatens the security for the City's Permanent Loan.

21. Venue

If either Party to this Agreement initiates any legal or equitable action to enforce the terms of this Agreement, to declare the rights of the parties under this Agreement, or which relates to this Agreement in any manner, the Parties agree that the proper venue for any such action is the Superior Court of the State of California of and for the County of Sacramento or in the United States District Court for the Eastern District of California, as applicable.

22. Costs of Enforcement

Developer agrees to pay any and all of City's costs with respect to enforcement of this Agreement, including City's reasonable attorneys' fees, costs and expenses.

23. Counterparts/Originals

This Agreement may be executed in counterparts, each of which shall be an original and all of which together shall constitute one (1) entire Agreement.

24. Amendment

This Agreement shall not be altered or amended except in a writing executed by the Parties.

25. No Waiver

No waiver by the City of any breach of or default under this Agreement shall be deemed to be a waiver of any other or subsequent breach or default hereunder.

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26. Captions

The captions used in this Agreement are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope or intent of this Agreement.

27. Parties Not Co-Venturers

Nothing in this Agreement is intended to or shall establish the Parties as partners, co-venturers, or principal and agent with one another.

28. Notice

Written notices and other written communications between the Parties shall be addressed to their principal place of business unless or until a Party communicates in writing to the other party that a different address should be used.

29. Hold Harmless

Except to the extent arising from the City's willful misconduct, Developer agrees to indemnify, defend and hold harmless the City and its agents, employees and officers (collectively, "**Indemnitees**") from and against any and all claims, losses, liabilities, causes of action or costs (including reasonable attorneys' fees) arising from or in connection with Developer's development, management, maintenance or operation of the Project.

30. Affordability Protocols

To the extent that State, Federal and local laws and regulations may conflict with respect to household income levels, rent levels, or similar provisions relating to affordability of the Project, the Parties acknowledge and agree that the intent of this Agreement is to provide the maximum affordability restrictions.

SIGNATURES ON FOLLOWING PAGE.

EXHIBIT F

By signing below, Developer accepts and agrees to the terms and covenants contained in this Agreement.

CITY:

The City of Rancho Cordova,
a California municipal corporation

By: _____

Name: _____

Title: _____

ATTEST:

By: _____
City Clerk

APPROVED AS TO FORM:

By: _____
City Attorney

DEVELOPER:

Mercy Housing, a 501(c)(3) not for profit
corporation

By: _____

Its: _____

EXHIBIT F

STATE OF CALIFORNIA)
COUNTY OF _____)

On _____, 2013, before me, _____
personally appeared _____ who proved to me on the basis of
satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within
instrument and acknowledged to me that he/she/they executed the same in his/her/their
authorized capacity(ies), and that by his/her/their signature(s) on the instrument the
person(s), or the entity upon behalf of which the person(s) acted, executed the
instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that
the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____(Seal)

EXHIBIT F

STATE OF CALIFORNIA)
COUNTY OF _____)

On _____, 2013, before me, _____
personally appeared _____ who proved to me on the basis of
satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within
instrument and acknowledged to me that he/she/they executed the same in his/her/their
authorized capacity(ies), and that by his/her/their signature(s) on the instrument the
person(s), or the entity upon behalf of which the person(s) acted, executed the
instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that
the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____(Seal)

EXHIBIT F

EXHIBIT A

PROPERTY

(Attach Legal Description.)

2109797.1

EXHIBIT G

Recording Requested by
and when Recorded, return to:

The City of Rancho Cordova
2729 Prospect Park Drive
Rancho Cordova, CA 95670
Attention: City Manager

EXEMPT FROM RECORDING FEES PER
GOVERNMENT CODE §§6103, 27383

(SPACE ABOVE THIS LINE RESERVED FOR RECORDER'S USE)

MEMORANDUM OF DISPOSITION AND DEVELOPMENT AGREEMENT

This Memorandum of Disposition and Development Agreement (this "**Memorandum**") dated as of _____, 2013, is entered into by and between the City of Rancho Cordova, a California municipal corporation ("**City**") and Mercy Housing California, a 501c3 California nonprofit corporation ("**Developer**"). City and Developer are hereinafter collectively referred to as the "**Parties**."

1. The Parties have entered into that certain Disposition and Development Agreement dated as of _____, 2013 (the "**DDA**"), pursuant to which upon Developer's satisfaction of certain conditions precedent City has agreed to convey that certain real property (the "**Property**") located within the City and more particularly described in Exhibit A attached hereto and incorporated herein by this reference, pursuant to an assignment of a lease between the County of Sacramento ("**County Lease**") and the City, and a lease for a portion of a building between the City and Developer ("**Space Lease**"), to Developer for the development of up to fifty (50) units of multi-family affordable rental housing for disabled and/or homeless veterans whose household income does not exceed fifty percent (50%) of Area Median Income, as defined in that certain Affordable Housing Regulatory Agreement and Declaration of Restrictive Covenants (the "**Regulatory Agreement**") to be executed by the Parties and recorded in the Official Records of Sacramento County substantially concurrently therewith (the "**Project**").

2. Among other conditions, the DDA provides that Developer shall commence construction of the Project, which will be subject to certain maintenance obligations pursuant to the terms of the DDA and the Regulatory Agreement, by the later of December 15, 2014, or the earliest date permitted by the California Tax Credit Allocation Committee ("**TCAC**"), and shall complete construction of the Project in order to allow City to issue a final certificate of occupancy no later than twelve (12) months from the commencement of construction or such earlier date as may be required by TCAC.

3. The terms of both the assigned County Lease and the Space Lease from the City to Developer shall be for a term not to exceed eighty (80) years from the date of the issuance of the final certificate of completion for the Project. In the event that

EXHIBIT G

Developer has failed to obtain each entitlement, permit or approval required for the installation of improvements for Phase One, the term of this Agreement shall end no later than June 25, 2016.

4. The DDA further provides that (i) except as permitted therein, Developer shall not voluntarily or involuntarily make or attempt any total or partial sale, transfer, conveyance, assignment or lease of the whole or any part of Developer's interest in the Property or the improvements located thereon without the prior written approval of the City; and (ii) any transferee of all or part of the Property shall be subject to and shall expressly assume all of the covenants, obligations and restrictions of the DDA which pertain to the portion of the Property transferred, including without limitation, the provisions of the Regulatory Agreement.

5. The Parties have executed and recorded this instrument to give notice of the DDA and the respective rights of the Parties thereunder. Copies of the unrecorded DDA are available at the offices of the City, 2729 Prospect Park Drive, Rancho Cordova, California 95670, and such document is incorporated by reference in its entirety in this Memorandum. This Memorandum is solely for recording purposes and shall not be construed to alter, modify, amend or supplement the DDA. In the event of any inconsistency between this Memorandum and the DDA, the DDA shall control.

6. This Memorandum shall be interpreted and enforced in accordance with California law without regard to principles of conflict of laws. This Memorandum may be executed in counterparts.

7. The DDA shall bind and inure to the benefit of the Parties and their respective successors and assigns.

SIGNATURES ON FOLLOWING PAGE.

EXHIBIT G

IN WITNESS WHEREOF, the parties hereto have executed this Memorandum as of the date first set forth above.

CITY

The City of Rancho Cordova,
a California municipal corporation

By: _____
City Manager

ATTEST:

By: _____
City Clerk

APPROVED AS TO FORM:

By: _____
City Attorney

DEVELOPER

Mercy Housing California, a 501c3 California
nonprofit corporation

By: _____

Its:: _____

SIGNATURES MUST BE NOTARIZED.

EXHIBIT G

Exhibit A

PROPERTY

(Attach legal description.)

EXHIBIT G

STATE OF CALIFORNIA)
)
 COUNTY OF _____)

On _____, 20__, before me, _____, (here insert name and title of the officer), personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

STATE OF CALIFORNIA)
)
 COUNTY OF _____)

On _____, 20__, before me, _____, (here insert name and title of the officer), personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

2111061.1

EXHIBIT H (a)

DEVELOPMENT PERFORMANCE SCHEDULE
FOR
Mather Veterans; Village Phase I
(AP# 067-0010-106)

The following milestones, dates and products, shall constitute performance requirements of the Developer Mercy Housing California, a California 501(c3), non profit corporation (“**Developer**”) in the application for financing, construction, rent-up and continuing operation of the 50 unit, affordable, project to serve homeless and disabled veterans known as Phase 1 of Mather Veterans’ Village.

- **Tax Credit Application**
 - On or before March 5th, 2014 (Rd #1), Developer shall cause the submission of a Tax Credit application satisfactory to the City of Rancho Cordova. This application shall include a City Permanent loan, a construction loan, and syndication equity estimates of each satisfactory to the City of Rancho Cordova. The application shall conform to the findings and conditions of City’s Design Review. In the event that the March 5th application is unsuccessful, a second round Tax Credit application will be made June 11, 2014. In the event that this second application is unsuccessful, Developer and City shall meet to discuss future funding strategy. At this time, the City at its sole discretion may terminate all commitments to developer. If in any case, Developer has failed to obtain each entitlement, permit or approval required for the installation of improvements for Phase One by July 1, 2015, unless as a result of discussion both parties agree to an extension, the term of this Agreement shall end.
 - Satisfaction of this requirement shall be met by proof submitted to the City of Rancho Cordova that a Tax Credit application was received by the California Tax Credit Allocation Committee.
- **Construction Loan closing**
 - On or before the 180th day after the date indicated on the Tax Credit award letter from CTCAC or 30 days from the issuance of building permits whichever occurs first, Developer shall cause a construction loan closing to occur. The closing shall include a construction loan satisfactory to the City of Rancho Cordova, a binding permanent loan commitment (if necessary) satisfactory to the City of Rancho Cordova and a Syndication Agreement satisfactory to the City of Rancho Cordova.
 - Satisfaction of this requirement shall be a timely construction loan closing including the delivery to the City of Rancho Cordova of proof of the recordation of documents within 5 business days of the closing.
- **Construction Completion**
 - Construction shall be completed within 424 days of the construction loan closing. In the event that Developer has failed to obtain each entitlement, permit or approval required for the installation of improvements for Phase One by August 29, 2016, the term of the DDA shall end on that date.
 - Satisfaction of this requirement shall be evidenced by the City’s delivery to the Developer of a Certificate of Completion. (Note that the delivery of this certificate requires the determination by the City of Rancho Cordova that the following requirements have been satisfied: Labor Standards requirements, Certificate of occupancy, proof that all liens have been released, recorded AIA Notice of Completion and an initial draft of the Final Budget.)
- **Permanent Loan Closing**
 - If Applicable, Developer shall cause a Permanent loan closing to occur within 45 days of the satisfaction of all of the following: attaining 95% occupancy, a 1.15 DCR for 3 months, completion of audit and receipt from TCAC of 8609 form plus any other requirements of the City or Conventional Permanent Lender consistent with industry standards.

EXHIBIT H (a)

- Satisfaction of this requirement shall be a timely permanent loan closing including the delivery to the City of Rancho Cordova of proof of the recordation of documents within 5 business days of the closing.

MATHER VETERAN'S VILLAGE

PAGE 1

Prepared For: Mercy Housing California
 Prepared By: California Housing Partnership Corporation
 Version: MHP-SH Application - Draft 2

Revised: 11-Feb-14 6:46 PM

SOURCES OF FUNDS**SOURCES OF FUNDS - PERMANENT**

	AMOUNT	TOTAL INTEREST COST	OID INTEREST RATE	TERM (Yr)	COMMENTS	
HCD IIG	941,522	0.000%	0.000%	55	Per Unit: 18,830	
Rancho Cordova Housing Trust Fund	2,000,000	3.000%	1.788%	55	Per Unit: 40,000	
Accrued/Deferred Interest -	68,529					
Sacramento County - Land Contribution	136,561	0.000%	0.000%	80	Per Unit: 2,731	
County Sewer Fee Waiver	95,362	0.000%	0.000%	55	Per Unit: 1,907	
MHP	3,000,000	3.000%	1.903%	55	Per Unit: 60,000	Mandatory annual interest: 0.420%
Deferred Developer Fee	0	0.000%				
Capital Contributions						
Limited Partners	12,959,936				Net Developer Fee 940,000	
					% ownership: 99.99%	Equity Pricing: 0.865
TOTAL SOURCES	19,201,910				Committed IIG 83%	Federal: 0.930
<i>Surplus/(Shortfall)</i>	<i>0</i>					State: 0.650
<i>Net TDC</i>	<i>19,076,910</i>					
<i>Net LP Equity</i>	<i>12,834,936</i>					

SOURCES OF FUNDS - CONSTRUCTION

	AMOUNT	INT. RATE	TERM (Mo.)	
Bank Construction Loan	10,682,098	3.690%	23	
HCD IIG	941,522	0.000%	23	
Rancho Cordova Housing Trust Fund	2,000,000	3.000%	23	
Accrued/Deferred Interest -	68,529			
Sacramento County - Land Contribution	136,561	0.000%	23	
Costs Deferred Until Perm Closing (less deposits)	3,981,845			See page 1-A - right column
Deferred Developer Fee	0			
Capital Contributions				
General Partner	0			
Limited Partners	1,295,994			% of total pay-in. 10.00%
TOTAL SOURCES	19,201,911			Committed IIG 98%
<i>Surplus/(Shortfall)</i>	<i>0</i>			
<i>Net TDC</i>	<i>19,076,911</i>			
<i>Net LP Equity</i>	<i>1,170,994</i>			

MATHER VETERAN'S VILLAGE
USES OF FUNDS

PAGE 1-A

VERSION: MHP-SH Application - Draft 2

Revised: 11-Feb-14

6:46 PM

9,762,743 Construction Contract										Deferred Until Perm Conv.
USES OF FUNDS	100.00%		NON- DEPREC	DEPRECIABLE		EXPENSE	AMORTIZE	100.00% TAX CREDIT ELIGIBLE		
	TOTAL	TOTAL RESIDENTIAL		RESIDENTIAL	NON-RES			CONST/ REHAB	ACQUIS.	
ACQUISITION COSTS										
Total Purchase Price:										
136,561										
Land	136,561	136,561	136,561							
Demolition	26,550	26,550	26,550							
Off-site Improvements	800,000	800,000		800,000	0			800,000		
GENERAL DEVELOPMENT COSTS										
Hard Costs-Unit Construction	6,898,185	6,898,185		6,898,185	0			6,898,185		
Construction Contingency	959,483	959,483		959,483	0			959,483		
Contractor General Conditions	694,381	694,381		694,381	0			694,381		
Contractor Overhead and Profit	385,104	385,104		385,104	0			385,104		
Local Development Impact Fees	889,469	889,469		889,469	0			889,469		
Local Permits/Fees	56,518	56,518		56,518	0			56,518		
Environmental Assessments	25,000	25,000		25,000	0			25,000		
GC Bond Premium	95,948	95,948		95,948	0			95,948		
GC Insurance	71,961	71,961		71,961	0			71,961		
Utility Hookups	153,360	153,360		153,360				153,360		
Site Improvements/Landscape	790,614	790,614		790,614				790,614		
Architecture	767,587	767,587		767,587	0			767,587		
Survey/Engineering/Staking	137,408	137,408		137,408	0			137,408		
Prevailing Wage Monitor	25,000	25,000		25,000	0			25,000		
Appraisal	15,000	15,000	0	15,000	0		0	15,000		
Market Study (TCAC)	7,500	7,500					7,500	0		
Construction Testing/Insp./Supervision	145,000	145,000	0	145,000	0			145,000	0	
Construction Loan Interest	548,552	548,552		252,925	0	295,627		252,925	0	
Const Loan Interest - Accrued City Loan Interest	68,529	68,529		31,597	0	36,932		31,597	0	
Title/Recording/Escrow - Construction	30,000	30,000		30,000	0			30,000	0	
Title/Recording/Escrow - Permanent	2,500	2,500					2,500			2,500
Real Estate Taxes During Const	4,792	4,792		4,792	0	0		4,792	0	
Insurance During Const	64,355	64,355		64,355	0	0		64,355	0	
Soft Cost Contingency	250,000	250,000		250,000	0			250,000		
City Loan Fee (To be determined)	150,000	150,000		150,000	0			150,000		
Title/Recording/Escrow - Acquisition	10,000	10,000	10,000	0					0	
TCAC Application/Res/Monitoring Fee	68,887	68,887					68,887			
Legal: Acquisition	0	0	0	0					0	
Construction Closing	25,000	25,000		25,000	0			25,000	0	
Permanent Closing	5,000	5,000					5,000	0		5,000
Organization of Ptnshp	5,000	5,000					5,000			
Syndication - Pshp	30,000	30,000	30,000							
Syndication Consulting	55,000	55,000	55,000					0	0	2,500
Audit/Cost Certification	35,000	35,000				35,000	0			
Furnishings	100,000	100,000		100,000	0			100,000		
Marketing/Rent-Up	50,000	50,000	0			50,000				
Capitalized Operating Reserve/Services Reserve	513,800	513,800	513,800							513,800
Transition Reserve	379,248	379,248	379,248							379,248
Capitalized Operating Deficit Reserve	2,608,797	2,608,797	2,608,797							2,608,797
Developer Fee	940,000	940,000		940,000	0			940,000	0	470,000
COSTS OF ISSUANCE/FINANCING FEES										
Lender Origination - Construction	106,821	106,821		65,021	0		41,800	65,021		
Lender Expenses - Construction	25,000	25,000		15,217	0		9,783	15,217		
Lender Counsel - Construction	45,000	45,000		27,391	0		17,609	27,391		
Subtotal - Financing/Costs of Issuance	176,821	176,821	0	107,630	0	0	69,191	107,630	0	0
TOTAL DEVELOPMENT COSTS										
19,201,911	19,201,911	3,759,956	14,866,318	0	417,559	158,077	14,866,318	0	3,981,845	
TDC Per Unit										
382,668	100.00%									
TDC Net of accrued interest:										
19,133,381										

Exhibit I

Approved Design Review

MEMORANDUM



DATE: July 15, 2013

TO: Honorable Mayor and Council Members

FROM: Reed Flory, Housing Services Administrator
William Campbell, Principal Planner

SUBJECT: MATHER VETERANS' VILLAGE DESIGN REVIEW AND CONDITIONAL USE PERMIT; PROJECT NO. DD7915 – LOCATED AT 3611 BLECKLEY STREET

PROPERTY OWNER: Mercy Housing 3120 Freeboard Drive, Suite 202 West Sacramento, CA 95691	APPLICANT/DEVELOPER: Mogavero Notestine Associates 2012 K Street Sacramento, CA 95811
---	---

PROJECT: FILE: LOCATION: APN: PLANNER:	Mather Veterans Village Conditional Use Permit and Design Review addresses a proposed project that consists of the following three phases: Phase 1: New construction of a supportive permanent housing project for veterans to provide 44 one-bedroom units and 6 two-bedroom units, and the rehabilitation of 4,000 square feet of existing 24,093 square foot Infirmary Building for community/office space. Phase 2: Rehabilitation of the remaining 20,000 square feet of the existing Infirmary Building to include 24 to 30 dormitory style rooms, a kitchen, cafeteria/common room, offices, and classrooms. Phase 3: A future phase of new construction of up to 30 additional veteran housing units and support services for which detailed programming has not yet been completed. DD7915- Conditional Use Permit and Major Design Review 3611 Bleckley Street, Rancho Cordova 067-0010-099 William Campbell, Principal Planner
---	--

RECOMMENDATION

Adopt Resolution 75-2013.

RESULT OF RECOMMENDED ACTION

Adoption of this resolution would complete Council Design Review and Use Permit approval for this project and would support the funding applications for the Mather Veterans Village project. Construction of the project would be phased, with initial phases to include new construction of 50 dwellings and the rehabilitation of an existing building to provide community space and transitional dormitory units. The project would add veteran specific housing to an area that is

rich in veterans' services and would provide additional support to homeless and disabled veterans.

REQUIRED PERMITS AND REGULATORY BASIS

According to the Mather Field Special Planning Area, the Veteran's Village project is subject to the following provisions:

1. Section 603-14 B1- Human Services Area permitting the Veteran Village with a Use Permit, per Article 2, Table II, section P(3) of the County of Sacramento Zoning Code.
2. Chapter 23.141 Major Design Review of the Rancho Cordova Zoning Code.
3. Section 23.134 Conditional Use Permit, Rancho Cordova Zoning Code

BACKGROUND

The Mather Air Force Base was decommissioned in 1993, resulting in a surplus of undeveloped and underutilized land partially located within the boundaries of what would become the City of Rancho Cordova. The County of Sacramento, in partnership with the Sacramento Housing and Redevelopment Agency (SHRA) formed the Mather Redevelopment Area that set development guidelines and zoning for the former military site. A significant portion of the under-utilized land, including the acreage identified as the site for the proposed Mather Veterans Village, was indicated for residential use.

In 2010 Sacramento County and the SHRA released a Request for Proposals for the development of the Mather Veterans Village housing and support services project for the proposed site at what is now 3611 Bleckley St. Mercy Housing was selected as the developer for the project from the RFP process. In 2012 the City, in partnership with Mercy Housing and the County of Sacramento identified a 3.69 acre site (**see Figure 1**) as the development site for the Mather Veterans Village, which includes an existing 24,093 square feet infirmary building. Mercy Housing and the City engaged the architectural firm Mogavero Notestine Associates to prepare a design package for a multi-phase veterans housing and supportive services project.

The project development team consists of Mercy Housing and Veterans Resource Center of America (VRCA) who provides services for homeless and disabled veterans and manages transitional housing facilities across the state. The Mather Veterans' Village is co-sponsored by the City of Rancho Cordova, County of Sacramento, and the Mather VA Hospital.

On June 11, 2013 the City received site control of the property from the County in the form of a 99 year lease, and ownership of the existing infirmary building (purchased for \$1.00). The first two phases of the Mather Veterans Village project were prepared for design review to support a March 2014 tax credit application for construction financing, and a winter of 2013 application for Veterans Affairs Supportive Housing (VASH) vouchers from SHRA, as allocated from the Federal department of Housing and Urban Development HUD.

Mather Veterans' Village is a planned transitional and permanent supportive housing development that would serve disabled and homeless veterans. The multi-phase project would ultimately consist of approximately 100 units of permanent supportive housing (in two 50-unit phases) and in another phase of up to 60 transitional beds. The development would consist of a service-rich living environment provided in a community setting. The overall site would include

common areas, a group dining area, classrooms and case work offices. The site would provide for indoor and outdoor recreation and gardening areas.

Funding and subsidies for the multiple stages of Mather Veterans' Village would come from multiple sources. Phase I would consist of 50 new construction Permanent Supportive Housing units plus the conversion/rehabilitation of the ground floor of the northwesterly wing of the old infirmary building. With a successful Tax Credit application, capital funding requirements for phase I will be in hand (\$11.9 million). With the exception of successful future grant applications and possible CDBG assistance, the City's financial participation will be limited to its current \$2.0 million Local Housing Trust Fund commitment.



Figure 1 – Location Map

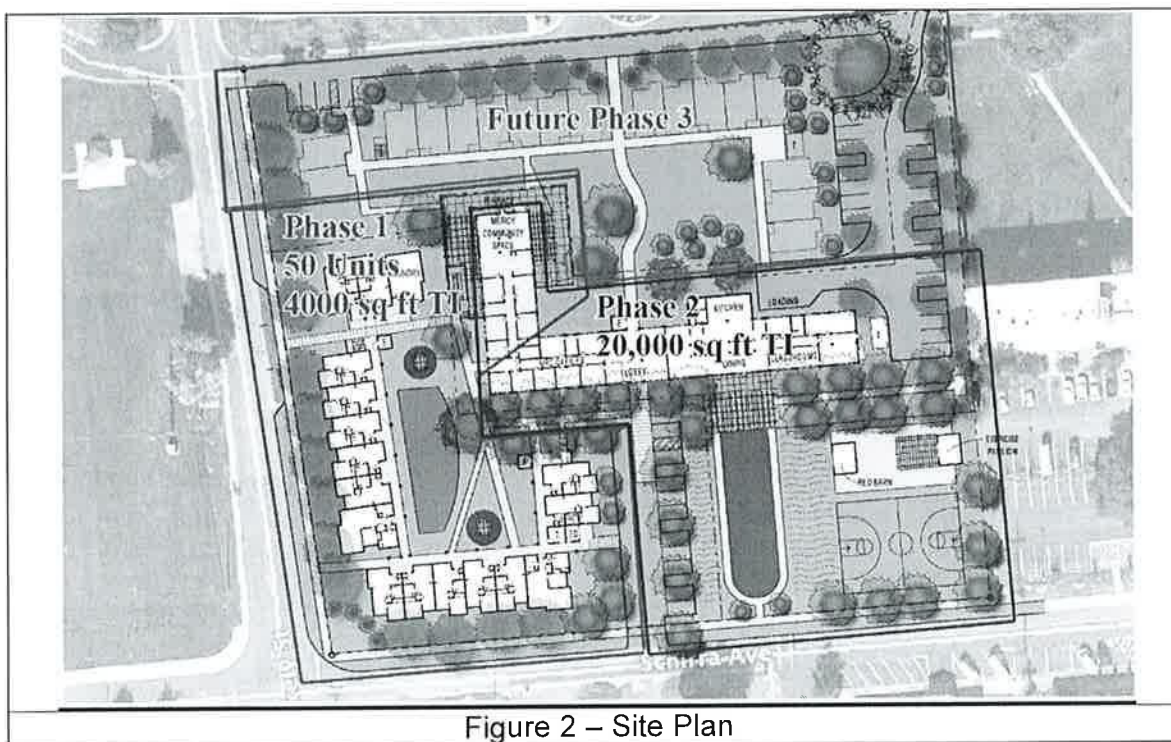


Figure 2 – Site Plan

Phase II of the development of Mather Veterans' Village is proposed to be the conversion of the Old Infirmary Building as 60 transition beds and ancillary facilities. Since part of that existing structure would provide the "common area" and "administrative" spaces of the phase I development, it is hoped that we might be able to rehabilitate phase II in concert with phase I development. To this end, the co-sponsors and development team are embarking on a \$2.5 million corporate fund raising effort.

MATHER AREA SPECIAL PLANNING AREA CONSISTENCY

The Mather Area Special Planning Area (MASPA) is the regulatory document that guides development of the proposed project site. On June 3, 2013 the MASPA was amended to include both transitional and permanent supportive housing as allowable by right in the zone where the project site is located. The project is consistent with the zoning and the long-term plans for the Mather Area. The approving authority is required to review and approve a conditional use permit for the project, which is part of this application. The supporting evidence is provided in the resolution for approving both the use permit and the design review.

CONDITIONAL USE PERMIT

The requested Conditional Use Permit addresses full construction of the Mather Veterans' Village project, including Phases 1, 2 and 3 (see Figure 2 above). At built out, this project could include up to 110 dwelling units and a range of support services that would serve the needs of veterans. All projects within the Mather Field Special Planning Area are within subareas of that plan and are subject to the County's Zoning Code table of uses. In this particular case, Section 603-14 B1- Human Services Area, per Article 2, Table II, section P(3) of the County of Sacramento Zoning Code, allows the Veteran Village with a Use Permit. The County used the Use Permit process to give flexibility in the review of projects. Other than the specified

development standards listed for projects in the Human Services Area (listed below) no other special conditions of approval for the use permit are anticipated. The proposed Conditions of Approval would combine the Use Permit and Design Review entitlement requirements within a single approving resolution. The findings and evidence supporting the Use Permit are provided in the resolution (**Attachment 1**).

Consistency with Development Standards

The project is located within the Human Services Subarea of the Mather Area Special Planning Area, with the following development standards:

1. *Building Setbacks:*
 - *Front- 25 ft. minimum*
 - *Interior side- 6 ft.*
 - *Rear- 25 ft. minimum*
2. *Building Height- 50 feet maximum*
3. *Floor Area Ratio- NA*
4. *Density- NA*
5. *Parking Standards:* one parking space per every three occupants for the residential use and 4.5 parking spaces per 1000 square feet of the office use. 27 parking spaces are required and 32 parking spaces are provided.

The proposed project meets the minimum development standards.

DESIGN REVIEW

This design review addresses Phase 1 (new construction) and Phase 2 (renovation of an existing building) of the Mather Veterans' Village project. A future Phase 3 of this project would require future review and approval by the City Council.

Phase 1 construction portion of the project is new construction of a three-story apartment building served by two elevators and exterior walkways and bridges. The design of the project is intended to bring a more residential atmosphere to the existing institutional style of buildings currently on and adjacent to the project site. The new construction will be situated around the western and southern edges of the property, to create a community courtyard that can be shared by the residents. The one and two bedroom units would open towards the courtyard and be connected by a wide balcony style walkway with elevator access at the eastern and western ends of the building. The building would consist of four apartment blocks that are connected by bridges across pathways that open from the street-side to the courtyard (**see Figure 2, site plan**). There would be 44 single bedroom apartments and 6 two bedroom apartments. The units would incorporate universal design to facilitate disabled tenants with minimal remodeling. The new construction would be stick built on site. Phase 1 also include the renovation of 4,000 square feet of the existing Infirmary Building for community and office uses to support the new veterans' housing residents.

Phase 2 of the project (anticipated to be built concurrently with Phase 1) would involve the rehabilitation of the existing Infirmary Building. This Phase would provide new apartment units

within the existing infirmary building. The Infirmary Building is an institutional structure, however it is solidly built, with a high quality of construction. The development team assessed the building, and determined that, despite the institutional design, the building offered unique opportunities that would otherwise be too cost prohibitive to build new at the same quality of construction. The rehabilitation of the Infirmary Building would provide space for multiple uses. The community space for the new construction would inhabit approximately 4,000 sq. feet of the first floor of the western end of the building (**see Exhibit A, floor plan**). This community space that would be administered by Mercy Housing would consist of management offices and a community room, as well as a lobby entrance that would be shared with the remainder of the infirmary building, which, when rehabilitated, would be administered by VRCA.

The current exterior of the existing Infirmary Building is a painted stucco skin over concrete and masonry block walls with a flat roof. The rehabilitated building shell would also consist of stucco over the masonry walls, with additional insulation and new or restored windows. Due to the positioning of the building, the construction materials, and the general building mass, the existing infirmary building has the potential to be a net-zero building without excessive additional expense. The rehabilitation design includes solar panels stacked along the south facing side of the building in a photo voltaic array to provide electricity for the building. The rehab design also includes smaller panels layered along the flat roof on the western facing leg of the building. These panels may be used to supplement electricity production, or to provide additional hot water for the occupants.

The VRCA portion of the infirmary building includes a kitchen, dining area, class rooms, offices, and dormitory rooms with ganged bathrooms. These facilities would be located on the first floor of the south facing leg of the building and the entire second floor. (**see Exhibit A, floor plan**).

ENVIRONMENTAL ANALYSIS

This project is Categorically Exempt under Section 15332, In-Fill Development, of the California Environmental Quality Act Guidelines. A full Environmental Assessment has been conducted that fulfills the NEPA requirements for this project.

RECOMMENDED MOTION

Move the City Council adopts Resolution 75-2013 approving the Use Permit for the Mather Veterans' Village and Design Review of the Mather Veterans Village Phase I and Phase II as submitted, subject to the design package (**Exhibit A**) and the Conditions of Approval (**Exhibit B**).

ATTACHMENTS

1. Resolution 75-2013, Approving the Conditional Use Permit and the Design Package (**Exhibit A**) and Conditions of Approval (**Exhibit B**).
2. 500' radius map and mailing labels used for Public Hearing Notice.

ATTACHMENT 1

CITY OF RANCHO CORDOVA

RESOLUTION NO. 75-2013

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RANCHO CORDOVA
APPROVING A CONDITONAL USE PERMIT AND DESIGN REVIEW FOR
THE MATHER VETERANS VILLAGE, PROJECT DD7915**

WHEREAS, Mercy Housing (hereinafter referred to as Applicant) filed an application with the City of Rancho Cordova to approve a Conditional Use Permit and Design Review for 50 units of new permanent supportive housing and up to 60 transitional housing dormitory beds in a rehabilitated existing building, known has the Mather Veterans Village; and

WHEREAS, The City Council previously approved an amendment to the zoning code for the Mather Field Special Planning Area to allow both transitional and permanent supportive housing in the Mather Field Special Planning Area by Ordinance No. 14-2013; and

WHEREAS, the City Council is the appropriate authority to hear and take action on this project; and

WHEREAS, the City Council of the City of Rancho Cordova has conducted a properly noticed public hearing pursuant to Government Code section 65090 and has duly considered all written and verbal testimony presented during the hearing.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF RANCHO CORDOVA
HEREBY RESOLVES AS FOLLOWS:**

1. Determine the project assessment is adequate and complete according to the Guidelines of the California Environmental Quality Act.
 - a) *Finding: The project site has been analyzed in compliance with the California Environmental Quality Act. Evidence: The County of Sacramento adopted an Environmental Impact Report for the Mather Field Special Planning Area, prepared by EIP Associates in 1997, and issues of aesthetics of the development for the project site were adequately addressed within the document. The project has further been determined to be categorically exempt, according to Section 15332 and the project will not create any significant adverse impact on the environment, pert he following findings:*
 - A. *Finding: The project is consistent with the applicable general plan designation and all applicable general plan policies as well as with applicable zoning designation and regulations. Evidence: The project is within the Campus District, Human Services subarea of the Mather Field Special Planning Area. The proposed use is consistent with the allowed land uses in that area and will complement the VA Hospital and it satellite services.*
 - B. *Finding: The proposed development occurs within city limits on a project site of no more than five acres substantially surrounded by urban uses. Evidence: The project is in an establish subarea of a Special Planning Area that has existing developments surrounding the proposed site. The project area has been developed over the years by the military and privately, after the Air Force vacated the site and relinquished the land to the County of Sacramento.*

ATTACHMENT 1

- C. Finding: *The project site has no value as habitat for endangered, rare or threatened species.* Evidence: The project site has been historically developed and any valued habitat prior to that date has since been removed or destroyed.
- D. Finding: *Approval of the project would not result in any significant effects relating to traffic, noise, air quality, or water quality.* Evidence: The new use will not generate new significant levels of traffic or noise impacts to the immediate area. The new project will improve the existing conditions related to on-site drainage and water quality by the new improvement measures required by the current codes.
- E. Finding: *The site can be adequately served by all required utilities and public services.* Evidence: The site can be served by all required utilities that are currently in the area. Sewer, gas, electric service and drainage are all present on site or stubbed to the property. The City of Rancho Cordova will provide Police emergency services and Metropolitan Fire District will provide fire protection services.
2. Approve the Major Design Review, subject to the Project Plans (**Exhibit A**) and the Conditions of Approval (**Exhibit B**); supported by the following Findings and Evidence, as required by Zoning Code Section 23.141.050:
- a) Finding: *The proposed project is consistent with the objectives of the General Plan, complies with applicable zoning regulations, Specific Plan provisions, and Special Planning Area provisions, and is consistent with the applicable Rancho Cordova Design Guidelines.* Evidence: The General Plan designation and Mather Field Special Planning Area designation for this property is Human Services, wherein high density multi-family residential units are consistent with both designations, with the approval of a Conditional Use Permit. The proposed project has been designed to meet the applicable regulations of the Special Planning Area design guidelines, including setbacks, height regulations, and density for this site.
- b) Finding: *The proposed architecture, site design, and landscape are suitable for the purposes of the building and the site and will enhance the character of the neighborhood and community.* Evidence: The Developer has provided a design package that clearly illustrates the composition and form of the new units as well as the floor plan and elevations for the rehabilitated infirmary building (**Exhibit A**). The new three story structure is treated with a veneer of stucco and siding with external balcony style hallways. The infirmary rehab would feature stucco exterior, solar panels, shade structures, and new entrances. The Applicant has submitted preliminary landscape plans with the Design Review package (see **Exhibit A**). A condition has been placed on the project that will require approval from the Planning Director, in order to accommodate refinements to the site improvement plans, prior to building permits are issued.
- c) Finding: *The architecture, including the character, scale, and quality of the design, relationship with the site and other buildings, building materials, screening of exterior appurtenances, exterior lighting and signing, and similar elements establishes a clear design concept and is compatible with the character of existing or anticipated buildings on adjoining and nearby properties.* Evidence: The architectural style of the new construction has a distinct residential feel that would help to introduce a more residential tone to the neighborhood. The design of the rehabilitated existing building is intended to counter the institutional design of the building while capturing the cost savings of re-

ATTACHMENT 1

using an existing structure. The color and material palettes are complementary to each other and include stucco, horizontal siding, and balcony railings and shed structures. The building wall mass of the new construction is offset to provide greater articulation to the vertical mass, along with changing roof sheds to break the monotony of a single ridge roof system.

- d) Finding: *The proposed project will not create conflicts with vehicular, bicycle, or pedestrian transportation modes of circulation.* Evidence: The units and site configuration have been designed to provide dedicated pedestrian walkways from the units to the public sidewalk. The on-site parking lot is appropriately configured to serve the units and reduce the conflict between vehicle and pedestrian movement.
3. Approve the Conditional Use Permit, subject to the Conditions of Approval (see **Exhibit B**); supported by the following Findings and Evidence, as defined in Zoning Code Section 23.134.030;
- a) Finding: *The site size, dimensions, location, topography, and access are adequate for the needs of the proposed use, considering the proposed building mass, parking, traffic, noise, vibration, exhaust/emissions, light, glare, erosion, odor, dust, visibility, safety, and aesthetic considerations.* Evidence: The site size, dimensions, location, topography, and access of the site are adequate for the proposed use and the new development will not have a negative effect on the surrounding area. This finding has been met.
- b) Finding: *Any negative impacts of the proposed use on adjacent properties and on the public can be mitigated through application of other Code standards or other reasonable conditions of approval.* Evidence: Any negative impacts of the proposed permanent supportive and transitional housing have been reduced to a less than significant level by the placement of the facilities, landscaping to screen views by sensitive users and through the application of Code standards and the attached Conditions of Approval. This finding has been met.
- c) Finding: *All required public facilities have adequate capacity to serve the proposal.* Evidence: All required public facilities have adequate capacity to serve the Project. Currently, all public facilities are adequately serving the existing site. This finding has been met.
- d) Finding: *The project meets the requirements of the Zoning Code including development standards, design guidelines, and special use provisions.* Evidence: The project is consistent with all the requirements of the Zoning Code Section 23.913.030 E that specifically addresses the development of permanent supportive and transitional housing. The conditions of approval will provide additional assurance that the new use will not negatively impact the area. This finding has been met.
- e) Finding: *If structures and site plans are considered nonconforming, the elements of a project that are nonconforming have been brought into compliance with the Zoning Code.* Evidence: There will be no nonconforming elements of this Project as identified in paragraph D above. This finding has been met.

PASSED AND ADOPTED by the City Council of the City of Rancho Cordova on the 15th day of July, 2013 by the following vote:

AYES: Budge, McGarvey, Sander, Skoglund, Terry.

NOES: None.

ABSENT: None.

ABSTAIN: None.



Linda Budge, Mayor

ATTEST:



Mindy Cuppy, CMC, City Clerk



MATHER VETERANS VILLAGE

RANCHO CORDOVA, CALIFORNIA

"As we express our gratitude, we must never forget that the highest appreciation is not to utter words, but to live by them."
- John Fitzgerald Kennedy

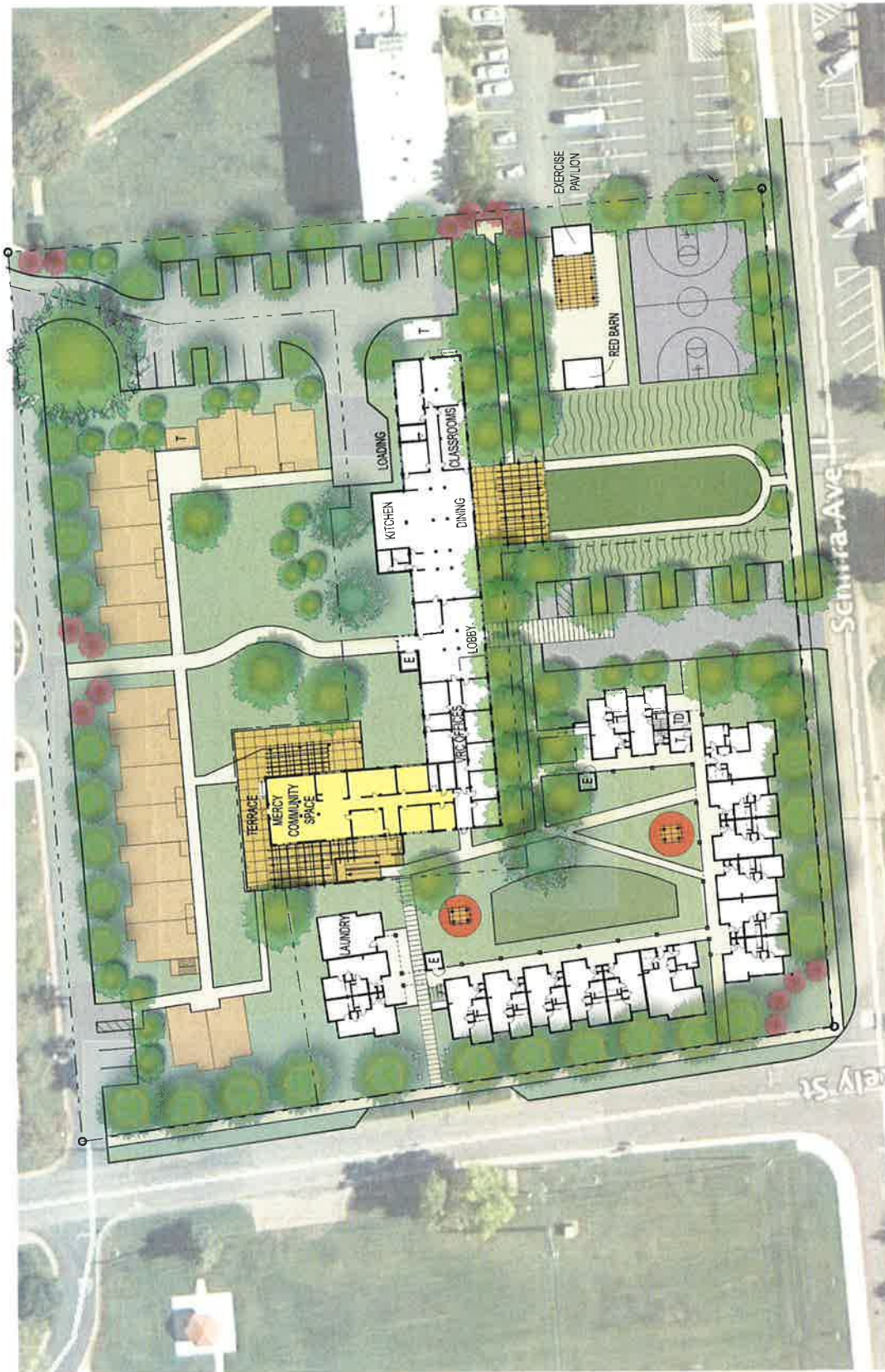


Mercy Housing



MATHER VETERANS VILLAGE RANCHO CORDOVA

07 June 2013



MATHER VETERANS VILLAGE

RANCHO CORDOVA, CALIFORNIA

SITE PLAN

Scale: 1" = 50'

07 JUNE 2013



NEW CONSTRUCTION: SOUTH ELEVATION



NEW CONSTRUCTION: EAST ELEVATION



MATHER VETERANS VILLAGE

RANCHO CORDOVA, CALIFORNIA

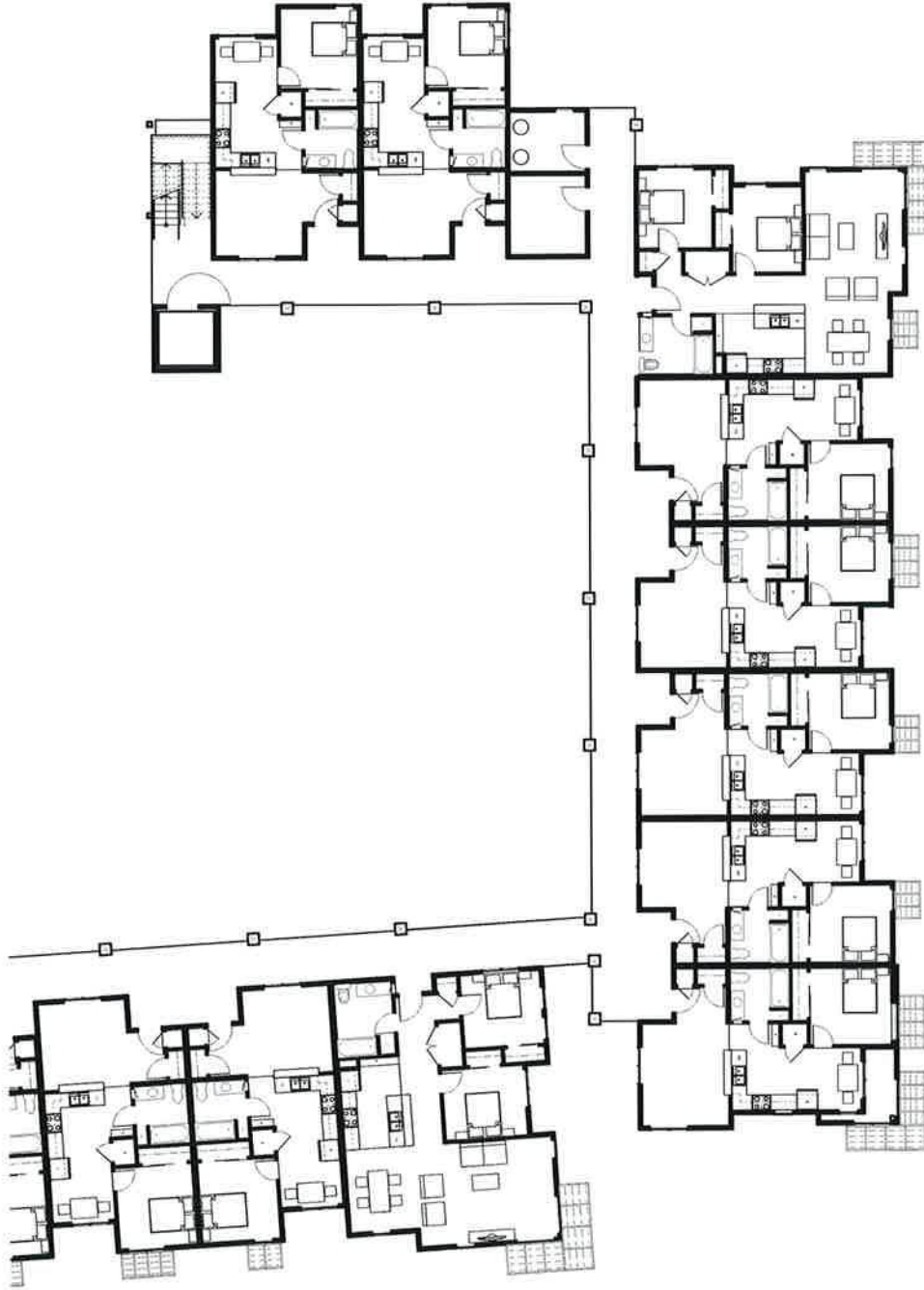
NEW CONSTRUCTION ELEVATIONS

scale: 1/16" = 1'-0"

31 JUNE 2013



NEW CONSTRUCTION: WEST ELEVATION



1 NEW CONSTRUCTION SECOND FLOOR - SOUTH END
SCALE: 1/16" = 1'-0"

EXHIB

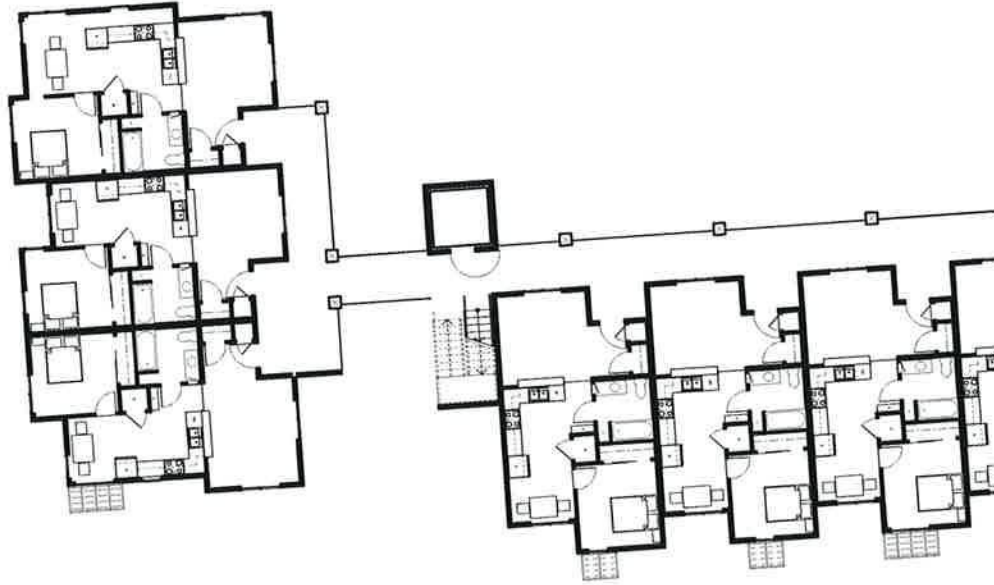


scale: 1/16" = 1' 07 JUNE 2013

FLOOR PLANS

RANCHO CORDOVA, CALIFORNIA

MATHER VETERANS VILLAGE



1 NEW CONSTRUCTION SECOND FLOOR - NORTH END
SCALE: 1/16" = 1'-0"

EXHIBIT



Scale: 1/16" = 1' 07 JUNE 2013

FLOOR PLANS

RANCHO CORDOVA, CALIFORNIA

MATHER VETERANS VILLAGE

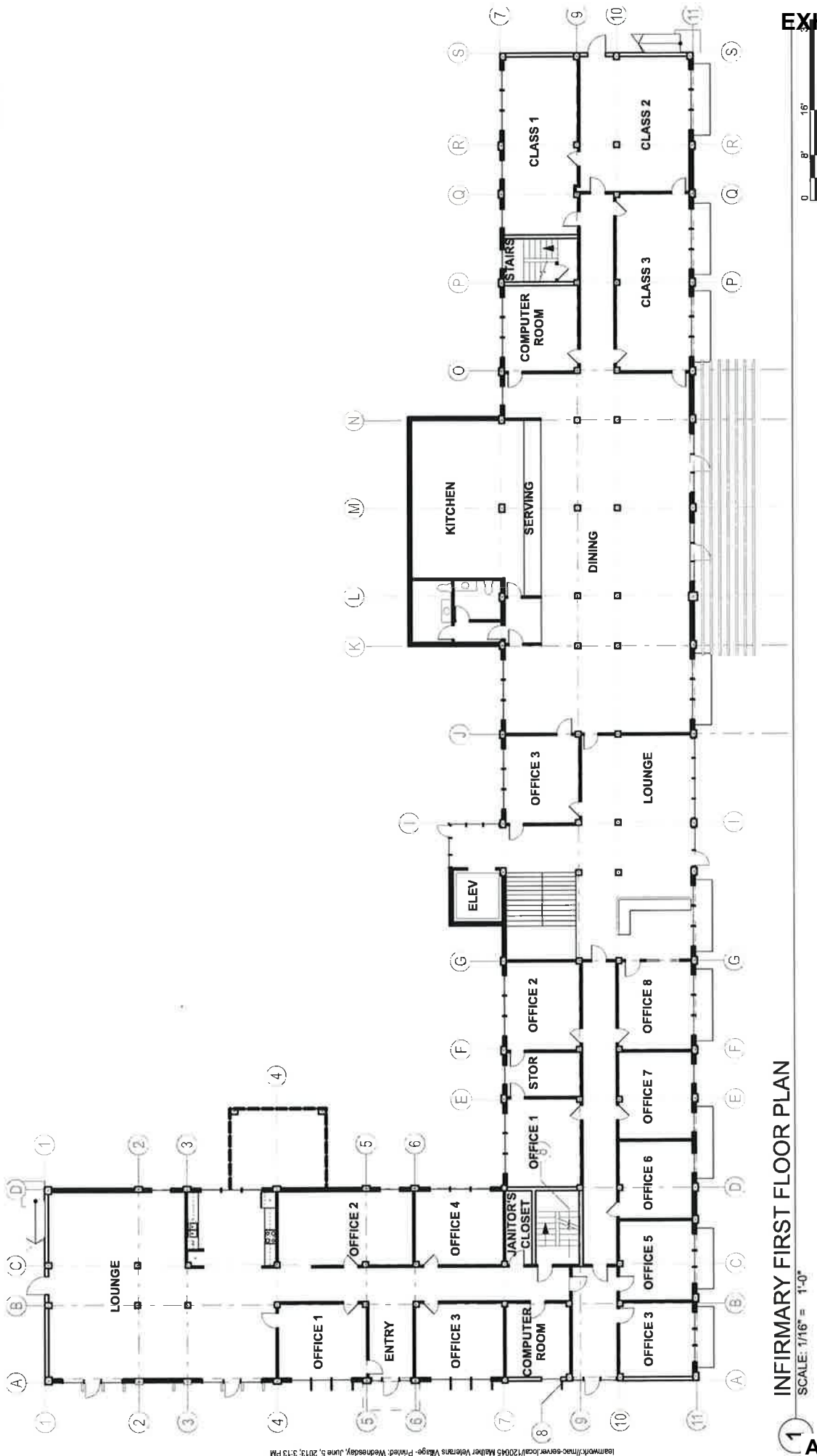




INFIRMARY: SOUTH ELEVATION



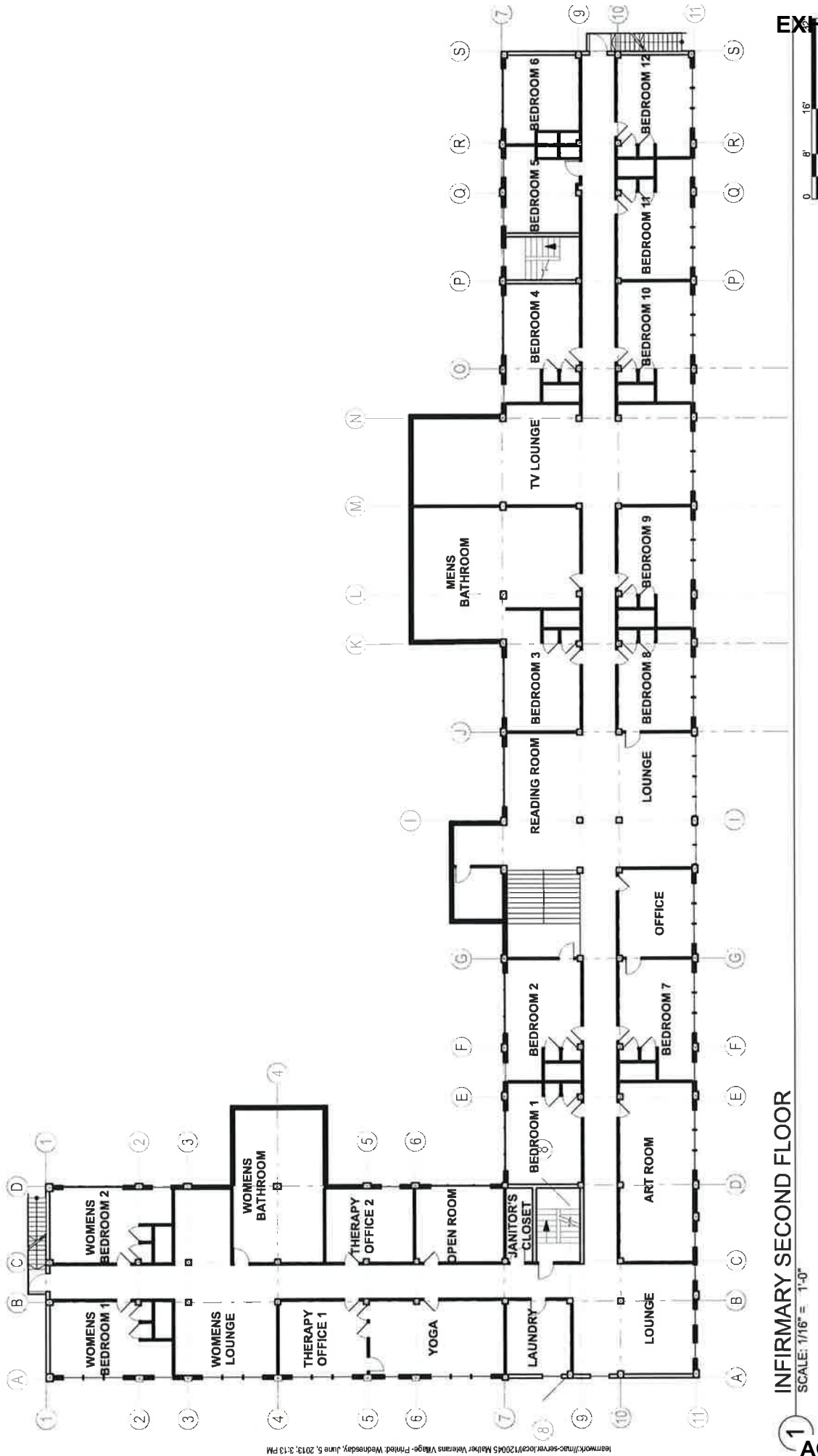
INFIRMARY: WEST ELEVATION



INFIRMARY FIRST FLOOR PLAN

SCALE: 1/16" = 1'-0"

EXHIBIT A



1 INFIRMARY SECOND FLOOR

SCALE: 1/16" = 1'-0"

EXHIBIT

MOGAVERO
NOTESTINE
ASSOCIATES

MATHER VETERANS VILLAGE

RANCHO CORDOVA, CALIFORNIA

FLOOR PLANS

scale: 1/16" = 1'

07 JUNE 2013

Conditions of Approval

	<u>Timing/ Implementation</u>	<u>Enforcement/ Monitoring</u>	<u>Verification (date and signature)</u>
1.	On-Going	Planning	
Mather Veterans Village Conditional Use Permit and Design Review – for a 50 unit supportive permanent housing project for veterans and up to 60 transitional housing dormitory beds for homeless veterans. The City of Rancho Cordova and Mercy Housing would sponsor the development of this three-story apartment project, consisting of 44 one-bedroom 608 square feet units and 6 two-bedroom 828 square feet units of new construction. The project includes the rehabilitation of an existing 24,093 square feet building currently on the site. This rehabilitation includes 4,000 square feet to be used as community and office space for the management and operations of the new construction. The remaining 20,000 square feet would be rehabilitated to include 24 to 30 dormitory style rooms, a kitchen, cafeteria/common room, offices, and classrooms.			
2.	On-Going	Planning	
The Applicant shall hold harmless the City, its Council Members, officers, agents, employees, and representatives from liability for any award, damages, costs and fees incurred by the City and/or awarded to any plaintiff in an action challenging the validity of this permit or any environmental or other documentation related to approval of this permit. Applicant further agrees to provide a defense for the City in any such action.			
3.	On-Going	Finance	
Applicant shall not carry a negative account balance with the City for the processing of the project. If a negative account balance occurs, it will be the developer's responsibility to pay the balance due, in order to avoid delays in the processing of future permits or recordation of maps. Please email the Finance Department at billings@cityofranchocordova.org for the status of your account with the City.			

City Council-DRAFT
July 15, 2013

Veterans Village – Design Review and Use Permit
Project No. DD7915

1

Conditions of Approval

	Applicant shall be responsible for all damage to City streets associated with construction of the project and shall repair any damage as soon as possible.	On-Going	Public Works
4.	Prior to Issuance of Improvement Plans		
5.	Applicant shall photo-document the condition of adjacent streets, sidewalks and infrastructure to the satisfaction of the Public Works Department.	Prior to Approval of Improvement Plans	Public Works
6.	Enter into a frontage agreement, if necessary for those portions of the streets adjacent to the project and bond for construction of public improvements to the satisfaction of the Public Works Department.	Prior to Approval of Improvement Plans	Public Works
7.	Provide drainage easements as needed and pay any fee required by the Sacramento County Water Agency Code. Install facilities pursuant to the Sacramento County Floodplain Management Ordinance, Sacramento County Water Agency Code, and City of Rancho Cordova Improvement Standards. If the system is to be a private system, then it shall be labeled as such on the improvement plans and a copy of an approved and executed private maintenance agreement shall be provided to the City of Rancho Cordova.	Prior to Approval of Improvement Plans	Public Works
8.	Incorporate into the site improvement plans storm water quality measures in conformance with applicable County ordinances & standards, and state and federal law. The project may implement low impact development design pursuant to and consistent with <i>The Storm Water Quality Design Manual for the Sacramento & South Placer Regions</i> . Such implementation may be able to reduce the storm water quality treatment requirement.	Prior to Approval of Improvement Plans	Public Works
9.	Annex to the Storm Water Utility District.	Prior to Approval of Improvement Plans	Public Works
10.	Applicant shall submit improvement plans to the satisfaction of the Public Works Department. Improvement plans shall include, but shall not be limited to: All onsite civil improvements.	Prior to Approval of Improvement Plans	Public Works

Conditions of Approval

	• Civil plan shall include an ADA access plan. • All property frontage including but not limited to, sidewalk, driveways, curb & gutter, etc. shall be removed and replaced if necessary to meet current ADA requirements and City Standards. The current improvements do not meet ADA guidelines. • Indicate the size and location of all driveways. • Location of all utility laterals to the site. • Public improvement plans shall clearly delineate all transitions to existing improvements. • All improvements to be designed and constructed to the satisfaction of the Public Works Department. • Where feasible, locate the position for a transit HUB loading and unloading area, along the street right of way.			
11.	If the total area of the developed or redeveloped impervious surfaces (building rooftop, flat work, and parking areas) equals or exceeds 1.0 acres, incorporate into the site improvement plans permanent storm water quality treatment measures in conformance with applicable County ordinances & standards, and state and federal law.	Prior to approval of improvement plans	Public Works	
Prior to Issuance of Building Permits				
12.	Property Owner/Applicant shall participate in a funding mechanism for maintenance services for the fair share of existing and all new public improvements associated with the project including but not limited to streets, bridges/culverts, traffic signals, traffic signs, striping and legends, ITS operations, and street lights. This may be accomplished through annexation to the City Road Maintenance Community Facilities District. All costs associated with the annexation shall be borne by the Property Owner/Applicant. Contact: Elizabeth Sparkman at (916) 851-8714 as there may be a 2-3 month lead time to satisfy this condition.	Prior to Issuance of Building Permits	Public Works	

Conditions of Approval

13.	The buildings and site development shall be reviewed for architectural consistency with the approved plans by the Planning Director.	Prior to Issuance of Building Permits	Planning	
14.	Submit final site landscaping and any fence detail plans for review and approval by the Planning Director.	Prior to Issuance of Building Permits	Planning	
	Prior to Final Inspection and Utility Release			
15.	All street trees shall be approved by the City's Engineer and Planning Director.	Prior to Final Building Inspection	Planning	
16.	Connection(s) to the Sacramento Area Sewer District's (SASD) sewer system shall be required to the satisfaction of the SASD. In order to obtain sewer service, construction of SASD sewer infrastructure may be required. SASD Design Standards apply to any on and off-site sewer construction. Each parcel with a sewage source shall have a separate connection to SASD public sewer system. If there is more than one building in any single parcel and the parcel is not proposed for split, then each building on that parcel shall have a separate connection to a private on-site sewer line or SASD public sewer line.	Prior to Final Building Inspection	Public Works	
17.	Install improvements per the approved Public Works plans and to the satisfaction of the Public Works Department.	Prior to Final Building Inspection	Public Works	
18.	As-Built reproducible grading and improvement plans, as well as a compact disc containing said plans in AutoCAD format, shall be submitted and approved by the Public Works Department.	Prior to Final Building Inspection	Public Works	

MATHER VETERAN'S VILLAGE

PAGE 1

Prepared For: Mercy Housing California
 Prepared By: California Housing Partnership Corporation
 Version: MHP-SH Application - Draft 2

Revised: 11-Feb-14 6:46 PM

SOURCES OF FUNDS**SOURCES OF FUNDS - PERMANENT**

	AMOUNT	TOTAL INTEREST COST	OID INTEREST RATE	TERM (Yr)	COMMENTS			
HCD IIG	941,522	0.000%	0.000%	55	Per Unit: 18,830			
Rancho Cordova Housing Trust Fund	2,000,000	3.000%	1.788%	55	Per Unit: 40,000			
Accrued/Deferred Interest -	68,529							
Sacramento County - Land Contribution	136,561	0.000%	0.000%	80	Per Unit: 2,731			
County Sewer Fee Waiver	95,362	0.000%	0.000%	55	Per Unit: 1,907			
MHP	3,000,000	3.000%	1.903%	55	Per Unit: 60,000	Mandatory annual interest:	0.420%	
Deferred Developer Fee	0	0.000%						
Capital Contributions					Net Developer Fee	940,000		
Limited Partners	12,959,936				% ownership:	99.99%	Equity Pricing:	0.865
TOTAL SOURCES	19,201,910				Committed IIG	83%	Federal:	0.930
<i>Surplus/(Shortfall)</i>	<i>0</i>						State:	0.650
<i>Net TDC</i>	<i>19,076,910</i>							
<i>Net LP Equity</i>	<i>12,834,936</i>							

SOURCES OF FUNDS - CONSTRUCTION

	AMOUNT	INT. RATE	TERM (Mo.)	
Bank Construction Loan	10,682,098	3.690%	23	
HCD IIG	941,522	0.000%	23	
Rancho Cordova Housing Trust Fund	2,000,000	3.000%	23	
Accrued/Deferred Interest -	68,529			
Sacramento County - Land Contribution	136,561	0.000%	23	
Costs Deferred Until Perm Closing (less deposits)	3,981,845			See page 1-A - right column
Deferred Developer Fee	0			
Capital Contributions				
General Partner	0			
Limited Partners	1,295,994			% of total pay-in. 10.00%
TOTAL SOURCES	19,201,911			Committed IIG 98%
<i>Surplus/(Shortfall)</i>	<i>0</i>			
<i>Net TDC</i>	<i>19,076,911</i>			
<i>Net LP Equity</i>	<i>1,170,994</i>			

MATHER VETERAN'S VILLAGE
USES OF FUNDS

PAGE 1-A

VERSION: MHP-SH Application - Draft 2

Revised: 11-Feb-14

6:46 PM

9,762,743 Construction Contract											Deferred Until Perm Conv.
USES OF FUNDS	100.00% TOTAL		NON- DEPREC	DEPRECIABLE		EXPENSE	AMORTIZE	100.00% TAX CREDIT ELIGIBLE			
	TOTAL	RESIDENTIAL		RESIDENTIAL	NON-RES			CONST/ REHAB	ACQUIS.		
ACQUISITION COSTS											
Total Purchase Price:											
136,561											
Land	136,561	136,561	136,561								
Demolition	26,550	26,550	26,550								
Off-site Improvements	800,000	800,000		800,000	0			800,000			
GENERAL DEVELOPMENT COSTS											
Hard Costs-Unit Construction	6,898,185	6,898,185		6,898,185	0			6,898,185			
Construction Contingency	959,483	959,483		959,483	0			959,483			
Contractor General Conditions	694,381	694,381		694,381	0			694,381			
Contractor Overhead and Profit	385,104	385,104		385,104	0			385,104			
Local Development Impact Fees	889,469	889,469		889,469	0			889,469			
Local Permits/Fees	56,518	56,518		56,518	0			56,518			
Environmental Assessments	25,000	25,000		25,000	0			25,000			
GC Bond Premium	95,948	95,948		95,948	0			95,948			
GC Insurance	71,961	71,961		71,961	0			71,961			
Utility Hookups	153,360	153,360		153,360				153,360			
Site Improvements/Landscape	790,614	790,614		790,614				790,614			
Architecture	767,587	767,587		767,587	0			767,587			
Survey/Engineering/Staking	137,408	137,408		137,408	0			137,408			
Prevailing Wage Monitor	25,000	25,000		25,000	0			25,000			
Appraisal	15,000	15,000	0	15,000	0		0	15,000			
Market Study (TCAC)	7,500	7,500					7,500	0			
Construction Testing/Insp./Supervision	145,000	145,000	0	145,000	0			145,000	0		
Construction Loan Interest	548,552	548,552		252,925	0	295,627		252,925	0		
Const Loan Interest - Accrued City Loan Interest	68,529	68,529		31,597	0	36,932		31,597	0		
Title/Recording/Escrow - Construction	30,000	30,000		30,000	0			30,000	0		
Title/Recording/Escrow - Permanent	2,500	2,500					2,500			2,500	
Real Estate Taxes During Const	4,792	4,792		4,792	0	0		4,792	0		
Insurance During Const	64,355	64,355		64,355	0	0		64,355	0		
Soft Cost Contingency	250,000	250,000		250,000	0			250,000			
City Loan Fee (To be determined)	150,000	150,000		150,000	0			150,000			
Title/Recording/Escrow - Acquisition	10,000	10,000	10,000	0					0		
TCAC Application/Res/Monitoring Fee	68,887	68,887					68,887				
Legal: Acquisition	0	0	0	0					0		
Construction Closing	25,000	25,000		25,000	0			25,000	0		
Permanent Closing	5,000	5,000					5,000	0		5,000	
Organization of Ptnshp	5,000	5,000					5,000				
Syndication - Pshp	30,000	30,000	30,000						0		
Syndication Consulting	55,000	55,000	55,000						0	2,500	
Audit/Cost Certification	35,000	35,000				35,000	0				
Furnishings	100,000	100,000		100,000	0			100,000			
Marketing/Rent-Up	50,000	50,000	0			50,000					
Capitalized Operating Reserve/Services Reserve	513,800	513,800	513,800							513,800	
Transition Reserve	379,248	379,248	379,248							379,248	
Capitalized Operating Deficit Reserve	2,608,797	2,608,797	2,608,797							2,608,797	
Developer Fee	940,000	940,000		940,000	0			940,000	0	470,000	
COSTS OF ISSUANCE/FINANCING FEES											
Lender Origination - Construction	106,821	106,821		65,021	0		41,800	65,021			
Lender Expenses - Construction	25,000	25,000		15,217	0		9,783	15,217			
Lender Counsel - Construction	45,000	45,000		27,391	0		17,609	27,391			
Subtotal - Financing/Costs of Issuance	176,821	176,821	0	107,630	0	0	69,191	107,630	0	0	
TOTAL DEVELOPMENT COSTS											
19,201,911	19,201,911	3,759,956	14,866,318	0	417,559	158,077	14,866,318	0	3,981,845		
TDC Per Unit											
382,668	100.00%										
TDC Net of accrued interest:											
19,133,381											

PROJECT NAME:

Mather Veterans Village Phase I

FINANCE TYPE:

9% LIHTC

ADDRESS:

Mather Field, Rancho Cordova

HOUSING TYPE:

Veterans/Supportive

COUNTY:

MERCY HOUSING CALIFORNIA

Page 1 of 2

EXHIBIT J

CASH FLOW

PROJECT NAME: Mather Veterans Village
 FINANCE TYPE: 9% LIHTC
 ADDRESS: Mather Field, Rancho C
 HOUSING TYPE: Veterans/Supportive
 COUNTY: Sacramento
 SPONSOR: MERCY HOUSING CA

	Inflation Factor														
	8	9	10	11	12	13	14	15							
POTENTIAL GROSS INCOME															
Resident Rent	174,721	179,089	183,566	188,156	192,859	197,681	202,623	207,689							
Commercial	-	-	-	-	-	-	-	-							
OTHER INCOME: Laundry	3,566	3,655	3,747	3,840	3,936	4,035	4,136	4,239							
POTENTIAL GROSS INCOME	178,287	182,744	187,313	191,996	196,796	201,716	206,758	211,927							
VACANCY LOSS															
Resident	(17,829)	(18,274)	(18,731)	(19,200)	(19,680)	(20,172)	(20,676)	(21,193)							
Commercial	-	-	-	-	-	-	-	-							
Total Vacancy Loss	(17,829)	(18,274)	(18,731)	(19,200)	(19,680)	(20,172)	(20,676)	(21,193)							
EFFECTIVE GROSS INCOME	160,458	164,470	168,582	172,796	177,116	181,544	186,083	190,735							
OPERATING EXPENSES	(381,684)	(395,043)	(408,869)	(423,180)	(437,991)	(453,321)	(469,187)	(485,608)							
NET OPERATING INCOME	(221,225)	(230,573)	(240,288)	(250,383)	(260,875)	(271,777)	(283,104)	(294,874)							
RESERVES															
Replacement Reserve	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)							
Operating Reserve	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)							
Total Reserve Deposits	(241,225)	(250,573)	(260,288)	(270,383)	(280,875)	(291,777)	(303,104)	(314,874)							
INCOME BEFORE DEBT SERVICE															
DEBT SERVICE	-	-	-	-	-	-	-	-							
First Mortgage	-	-	-	-	-	-	-	-							
Total Debt Service	-	-	-	-	-	-	-	-							
NET CASH FLOW	(241,225)	(250,573)	(260,288)	(270,383)	(280,875)	(291,777)	(303,104)	(314,874)							
SUBSIDY INCOME															
VASH Subsidy	421,543	425,759	430,016	434,317	438,660	443,046	447,477	451,952							
Subsidy Vacancy	(42,154)	(42,576)	(43,002)	(43,432)	(43,866)	(44,305)	(44,748)	(45,195)							
COMB INCOME BEFORE DEBT SERVICE	138,164	132,610	126,727	120,502	113,919	106,965	99,625	91,883							
DEBT SERVICE	1.39	1.34	1.28	1.21	1.15	1.08	1.00	0.93							
Subsidy Backed Mortgage	(99,324)	(99,324)	(99,324)	(99,324)	(99,324)	(99,324)	(99,324)	(99,324)							
Total Debt Service	(99,324)	(99,324)	(99,324)	(99,324)	(99,324)	(99,324)	(99,324)	(99,324)							
NET CASH FLOW	38,840	33,286	27,403	21,177	14,595	7,641	301	(7,441)							

EXHIBIT K

FORM OF CERTIFICATE OF COMPLETION

Recording requested by and when recorded mail to:

City of Rancho Cordova
2729 Prospect Park Drive
Rancho Cordova, CA 95670
Attn: City Manager

EXEMPT FROM RECORDING FEES PER
GOVERNMENT CODE 6103.27383

Space above this line for Recorder's use.

CERTIFICATE OF COMPLETION

This Certificate of Completion (this "**Certificate**") is made by the City of Rancho Cordova, a public body, corporate, and politic ("**Agency**") effective as of **MONTH, DAY, YEAR.**

RECITALS

A. City and Mercy Housing California, a 501C3 California nonprofit corporation ("**Developer**") entered into that certain Disposition Development Agreement (the "**DDA**") dated as of **MONTH, DAY, YEAR**, concerning the development of certain real property located in Rancho Cordova, California and more particularly described in Exhibit A attached hereto (the "**Property**"). A Memorandum of the DDA was recorded in the Official Records of Sacramento County ("**Official Records**") as Instrument **No. , Book , Page**. Capitalized terms used herein without definition shall have the meaning ascribed to such terms in the DDA.

B. Pursuant to Section 5.15 of the DDA, the City is required to furnish the Developer or its successors with a Certificate of Completion upon completion of development of the Project in accordance with the DDA.

C. The City has determined that the development of the Project has been satisfactorily completed in accordance with the DDA.

NOW, THEREFORE, the City hereby certifies as follows:

1. Development of the Project has been satisfactorily completed in conformance with the DDA.
2. All use, maintenance and nondiscrimination covenants contained in the DDA shall remain in effect and enforceable in accordance with the DDA. This Certificate does not constitute evidence of Developer's compliance

with those covenants in the Loan Agreement that survive the issuance of this Certificate, including without limitation, compliance with the Affordable Housing Regulatory Agreement and Declaration of Restrictive Covenants entered into pursuant to the Loan Agreement and recorded in the Official Records as **Instrument No.** , **Book , Page** .

3. This Certificate does not constitute evidence of compliance with or satisfaction of any obligation of Developer to any holder of a deed of trust securing money loaned to finance the Improvements or any part thereof and does not constitute a notice of completion under California Civil Code Section 3093.

4. Nothing contained in this instrument shall modify any provisions of the DDA or any other document executed in connection therewith.

IN WITNESS WHEREOF, the City has executed and issued this Certificate of Completion as of the date first written above.

**The City of Rancho Cordova,
a California municipal corporation**

By: FORM: DO NOT SIGN

Name:
Authorized Signatory

ATTEST:

By: FORM: DO NOT SIGN

APPROVED AS TO FORM:

By: FORM: DO NOT SIGN

Name:
Authorized Signatory

SIGNATURES MUST BE NOTARIZED.

LOAN AGREEMENT

by and between

THE CITY OF RANCHO CORDOVA

and

A CALIFORNIA LIMITED PARTNERSHIP

(Mather Veterans' Village)

_____, 2014

EXHIBIT LExhibits

- A Legal Description of Property
- B Form of Memorandum of Loan Agreement
- C Form of Certificate of Completion
- D Form of Regulatory Agreement
- E-1 Form of Assignment Agreement
- E-2 Form of Assignment of Architectural Agreements
- E-3 Form of Assignment of Construction Contracts
- F Form of City Note
- G Form of City Deed of Trust
- H Financing Plan
- I Option and Right of First Refusal Agreement

EXHIBIT L

THIS LOAN AGREEMENT (this "**Agreement**") is entered into effective as of _____, 2014 ("**Effective Date**") by and between the City of Rancho Cordova, a California municipal corporation ("**City**") and _____, a California limited partnership ("**Developer**"). City and Developer are hereinafter collectively referred to as the "**Parties**."

RECITALS

A.. City has a ninety-nine year lease from the County of Sacramento in that certain real property consisting of approximately 3.69 acres located in the City, and more particularly described in Exhibit A attached hereto (the "**Property**"). The Property is located in the Mather Community Campus Area. Developer has proposed to develop a portion of the Property (the "**Premises**") as a fifty (50)-unit multifamily residential project (the "**Project**"), of which all fifty (50) units will be rented at affordable rents to households whose incomes do not exceed fifty percent (50%) of the area median income, as more particularly described herein and in an Affordable Housing Regulatory Agreement and Declaration of Restrictive Covenants, attached hereto as Exhibit D, by and between Developer and City.

B. City has received a grant in the total amount of Two Million Dollars (\$2,000,000) ("State LHTF **Grant**") from the State Department of Housing and Community Development ("**HCD**") – Local Housing Trust Fund ("**LHTF**") grant program, to assist in Developer's acquisition of the Premises and development of the Project. City intends to loan LHTF Grant funds to Developer for predevelopment and construction financing converting to permanent financing ("**City Loan**") in accordance with the terms and conditions herein.

C. Concurrently herewith: (i) Developer shall execute a Secured Promissory Note ("**Note**") and Leasehold Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing ("**Deed of Trust**"); (ii) Developer and City shall execute an Affordable Housing Regulatory Agreement and Declaration of Restrictive Covenants ("**Regulatory Agreement**"); (iii) Developer shall execute an Assignment of Agreements, Plans and Specifications; an Assignment of Architectural Agreements and Plans and Specifications; and an Assignment of Construction Contracts (collectively, "**Assignment Agreements**"); and (iii) the Deed of Trust shall provide City with a security interest in the Premises and the Project. This Agreement, the Note, the Deed of Trust, the Regulatory Agreement, the DDA (defined below), and the Assignment Agreements are collectively referred to herein as the "**City Loan Documents**."

D. Developer has applied for and received an allocation of nine percent (9%) Federal low-income housing tax credits ("**Tax Credits**") from the California Tax Credit Allocation Committee ("**TCAC**"). Pursuant to the Developer's Financing Plan, attached hereto as Exhibit H, the Project will be financed solely through a private lender Construction Loan, the City Loan, _____, _____, _____ and Tax Credits.

E. Capitalized terms not defined herein shall have the meaning ascribed to them in that certain Development and Disposition Agreement ("**DDA**") between the Parties, dated as of _____.

EXHIBIT L

NOW, THEREFORE, in consideration of the mutual covenants contained herein and good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows.

ARTICLE I**DEFINITIONS**

1. Definitions. The following terms shall have the meanings set forth in the Sections referenced below whenever used in this Agreement and the Exhibits attached hereto. Additional terms are defined in the Recitals and text of this Agreement.

- 1.1 "Assignment Agreements" is defined in Recital C.
- 1.2 "Certificate of Completion" is defined in Section 3.16.
- 1.3 "City" is defined in the Preamble.
- 1.4 "City Loan is defined in Recital B.
- 1.5 "City Loan Documents" is defined in Recital C.
- 1.6 "Claims" is defined in Section 3.18.
- 1.7 "Conditions of Approval" is defined in Section 3.2.
- 1.8 "Construction Plans" is defined in Section 3.12.
- 1.9 "Environmental Laws" is defined in Section 8.4.
- 1.10 "Financing Plan" is defined in Section 3.8.
- 1.11 "Hazardous Materials" is defined in Section 8.3.
- 1.12 "Improvements" is defined in Section 3.2.
- 1.13 "Indemnitees" is defined in Section 3.18.
- 1.14 "Official Records" means the Official Records of Sacramento County.
- 1.15 "Partnership Agreement" is defined in Section 4.8.
- 1.16 " Deed of Trust" is defined in Recital C.
- 1.17 " Note" is defined in Recital C.
- 1.18 "Permitted Exceptions" is defined in Section 4.5.
- 1.19 "Premises" is defined in Recital A.

EXHIBIT L

- 1.20 "Project" is defined in Recital A and further described in Section 3.2.
- 1.21 "Property" is defined in Recital A.
- 1.22 "Regulatory Agreement" is defined in Recital C.
- 1.23 "Title Policy" is defined in Section 4.5.
- 1.24 "Transfer" is defined in Section 6.2.

ARTICLE II**REPRESENTATIONS; EFFECTIVE DATE AND TERM**

2.1 Developer's Representations. Developer represents and warrants to City as follows, and Developer covenants that until the expiration or earlier termination of this Agreement, upon learning of any fact or condition which would cause any of the warranties and representations in this Section 2.1 not to be true, Developer shall immediately give written notice of such fact or condition to City. Developer acknowledges that City shall rely upon Developer's representations made herein notwithstanding any investigation made by or on behalf of City.

(i) Authority; General Partner. Developer is a limited partnership, duly organized and in good standing under the laws of the State of California. Developer's general partner is _____, a California limited liability company, duly organized and in good standing under the laws of the State of California. Developer's Managing General Partner is _____, a California nonprofit public benefit corporation, which is tax-exempt under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. Developer has the full right, power and authority to undertake all obligations of Developer as provided herein, and the execution, performance and delivery of this Agreement by Developer has been duly authorized by all requisite actions. The persons executing this Agreement on behalf of Developer have been duly authorized to do so. This Agreement and the other City Loan Documents constitute valid and binding obligations of Developer, enforceable in accordance with their respective terms.

(ii) No Conflict. Developer's execution, delivery and performance of its obligations under this Agreement will not constitute a default or a breach under any contract, agreement or order to which Developer is a party or by which it is bound.

(iii) No Litigation or Other Proceeding. No litigation or other proceeding (whether administrative or otherwise) is outstanding or has been threatened which would prevent, hinder or delay the ability of Developer to perform its obligations under this Agreement.

(iv) No Developer Bankruptcy. Developer is not the subject of a bankruptcy or insolvency proceeding.

ARTICLE III

EXHIBIT L

been completed, all necessary NEPA approvals have been obtained, necessary notices have been filed and statute of limitations have expired. No physical activity, not otherwise exempt from CEQA or NEPA, as applicable, shall commence on the Property without such compliance.

3.3 Affordable Housing. Developer covenants and agrees for itself, its successors and assigns that Developer's interest in the Property will be subjected to recorded covenants that will restrict use of the Property to development of a residential project that includes affordable housing, and that for a term of not less than fifty-five (55) years commencing upon the issuance of a final certificate of occupancy for the Project, not less than fifty (50) of residential units in the Project (the "**Restricted Units**") shall be rented at an affordable cost to households who qualify at or below fifty percent (50%) of area median income (as defined in the Regulatory Agreement), in accordance with the terms hereof and the Regulatory Agreement, which the Parties shall execute in a form substantially similar to Exhibit D attached hereto and which shall be recorded in the Official Records.

3.4 Project Approvals. Developer acknowledges and agrees that execution of this Agreement by City does not constitute approval for the purpose of the issuance of building permits for the construction of the Project, does not limit in any manner the discretion of City in such approval process, and does not relieve Developer from the obligation to apply for and obtain all necessary entitlements, approvals, and permits for the construction of the Project, including without limitation, the approval of architectural plans, the issuance of any certificates regarding historic resources required in connection with the Project (if any), and the completion of any required environmental review.

Developer covenants that it shall: (i) obtain all necessary permits and approvals which may be required by City or any other governmental agency having jurisdiction over the construction of the Project or the development of the Property, (ii) comply with all Conditions of Approval, (iii) comply with all mitigation measures imposed in connection with any environmental review of the Project, and (iv) not commence construction work on the Project prior to issuance of both building permits required for such work and a "Notice to Proceed" issued to City from HCD.

3.5 Fees. Developer shall be solely responsible for, and shall promptly pay when due, all customary and usual fees and charges of City in connection with obtaining building permits and other approvals for the Project, including without limitation, those related to the processing and consideration of amendments, if any, to the current entitlements, any related approvals and permits, environmental review, design review, architectural review, and any subsequent approvals for the Project or the development of the Property.

3.6 Cost of Acquisition and Construction. Except as expressly set forth herein, Developer shall be solely responsible for all direct and indirect costs and expenses incurred in connection with the acquisition of the Premises, the design, development and construction of the Project and compliance with the Conditions of Approval, including without limitation the installation and construction of all off-site or on-site improvements required by City in connection therewith, except costs and expenses related to demolition of any improvements presently located on the Property.

EXHIBIT L

3.7 Construction Contingency Accounts. The release of funds from both the project Hard Cost and Soft Cost contingency accounts shall require prior written approval from the City. City shall respond within five (5) business days of City's receipt of a complete request for the release of funds or such request will be deemed approved.

3.8 Financing Plan. As set forth in the attached Exhibit H, Developer has provided City with a preliminary financing plan for the Project ("**Financing Plan**") which describes (i) the estimated costs of Project development, including acquisition costs, and hard and soft construction costs, (ii) an operating pro forma which describes projected revenue and expenses for the Project, and (iii) identification of sources of construction and permanent financing. The Financing Plan must be and remain in a form and content that satisfies the requirements of HCD as administrator of the LHTF Grant. Developer may update the Financing Plan throughout the term of this Agreement, provided that Developer shall request and obtain prior written approval from the City of any proposed modifications. If the City fails to approve of any such modification within fifteen (15) days following City's receipt of the proposed modifications, then the Financing Plan and the encumbrances which may be recorded against the Property in connection with the financing contemplated by the Financing Plan shall be deemed disapproved by the City. The City agrees not to unreasonably withhold consent to proposed modifications to the Financing Plan.

Developer agrees to use best efforts to operate and manage the Project so as to minimize residual receipts therefrom, including without limitation, using residual receipts to fund a social services program for Project residents.

3.9 Development Schedule. Developer shall commence and complete construction of the Project and shall satisfy all other obligations of Developer under this Agreement within the time periods set forth herein, as such time periods may be extended upon the mutual written consent of the Parties. Subject to force majeure, the availability of financing, and the City's issuance of permits and approvals, Developer shall commence construction of the Project within thirty (30) days of issuance of building permits, but in any event no later than the earlier of: (i) November 30, 2014, or (ii) the earliest date as may be permitted by TCAC, and Developer shall diligently prosecute to completion the construction of the Project in order to allow City to issue a final certificate of occupancy in no event later than June 30, 2016 or such earlier date as may be required by TCAC. The Parties acknowledge that the LHTF regulations require that all LHTF Funds must be spent prior to _____. Therefore, final construction draw requests are due to City no later than _____. Subject to force majeure, the availability of financing, and the City's issuance of permits and approvals, Developer's failure to commence or complete construction of the Project in accordance with the time periods specified in this Section 3.9 shall be an Event of Developer Default hereunder.

3.10 Rights of Access. For the purpose of ensuring that the Project is developed in compliance with this Agreement, Developer shall permit representatives of the City to enter upon the Premises to inspect the Project following forty-eight (48) hours written notice, including without limitation inspection for labor standards compliance monitoring as described in Section 3.18 (except in the case of emergency in which case such notice as may be practical under the circumstances shall be provided). Developer shall have the right to accompany any City representative performing an inspection of the Project.

EXHIBIT L

3.11 City Disclaimer. Developer acknowledges that City is under no obligation, and City does not undertake or assume any responsibility or duty to Developer or to any third party, to in any manner review, supervise, or inspect the progress of construction or the operation of the Project. Developer and all third parties shall rely entirely upon its or their own supervision and inspection in determining the quality and suitability of the materials and work, the performance of architects, subcontractors, and material suppliers, and all other matters relating to the construction and operation of the Project. Any review or inspection undertaken by the City is solely for the purpose of determining whether Developer is properly discharging its obligations under this Agreement, and shall not be relied upon by Developer or any third party as a warranty or representation by the City as to the quality of the design or construction of the Improvements or otherwise.

3.12 Construction Plans. Prior to commencement of Project construction, Developer shall submit to City's Building Department detailed construction plans for the development of the Project (the "**Construction Plans**"). As used herein "Construction Plans" means all construction documents upon which Developer and Developer's contractors shall rely in constructing the Project (including the landscaping, parking, and common areas) and shall include, without limitation, the site development plan, final architectural drawings, landscaping, exterior lighting and signage plans and specifications, materials specifications, final elevations, and building plans and specifications. The Construction Plans shall be based upon the scope of development set forth herein and upon the approvals issued by the City for the Project, and shall not materially deviate therefrom without the express written consent of City.

3.13 Construction Pursuant to Plans. Developer shall develop the Project in accordance with the approved Construction Plans, the Conditions of Approval, and all other permits and approvals granted by the City pertaining to construction of the Project. Developer shall comply with all directions, rules and regulations of any fire marshal, health officer, building inspector or other officer of every governmental agency having jurisdiction over the Property or the Project. Each element of the work shall proceed only after procurement of each permit, license or other authorization that may be required for such element by any governmental agency having jurisdiction. All design and construction work on the Project shall be performed by licensed contractors, engineers or architects, as applicable.

3.14 Change in Construction Plans. If Developer desires to make any material change in the approved Construction Plans (including all requests for change orders), Developer shall submit the proposed change in writing to City in accordance with its standard review process. Nothing in this Section 3.14 is intended to or shall be deemed to modify the City's standard plan review procedures.

3.15 Defects in Plans. City shall not be responsible to Developer or to any third party for any defect in the Construction Plans or for any structural or other defect in any work done pursuant to the Construction Plans. Subject to the last sentence of this Section 3.15, Developer shall indemnify, defend (with counsel approved by City) and hold harmless the Indemnitees from and against all Claims arising out of, or relating to, or alleged to arise from or relate to defects in the Construction Plans or defects in any work done pursuant to the Construction Plans whether or not any insurance policies shall have been determined to be applicable to any such Claims. Developer's indemnification obligations set forth in this

EXHIBIT L

Section 3.15 shall survive the expiration or earlier termination of this Agreement and the recordation of a Certificate of Completion and shall be assumed by any successor to Developer's interest in this Agreement. It is further agreed that City does not, and shall not, waive any rights against Developer which it may have by reason of this indemnity and hold harmless agreement because of the acceptance by City, or Developer's deposit with City, of any of the insurance policies described in this Agreement. Developer's indemnification obligations pursuant to this Section 3.15 shall not extend to Claims to the extent arising due to the gross negligence or willful misconduct of the Indemnitees. Developer's indemnification obligations set forth in this Section 3.15 shall not apply to any Construction Plans that are not used by or on behalf of Developer or any entity affiliated with Developer, including without limitation, an entity controlled by or under common control with Developer ("**Controlled Affiliate**"). In addition, if City uses any of the Construction Plans (or permits a third party to use such Construction Plans), City agrees to release Developer from liability for Claims arising in connection with such use except to the extent any such Claim arises from the gross negligence or willful misconduct of Developer or Developer's employees, agents or representatives.

3.16 Certificate of Completion for Project. Promptly after completion of construction of the Project, issuance of a final Certificate of Occupancy by the City and the written request of Developer, the City will provide an instrument ("**Certificate of Completion**") so certifying, provided that at the time such certificate is requested all applicable components of the Project have been completed. The Certificate of Completion shall be conclusive evidence that Developer has satisfied its obligations regarding the development of the Premises.

The Certificate of Completion shall be issued substantially in the form attached hereto as Exhibit C, and at Developer's option, shall be recorded in the Official Records. The Certificate of Completion shall not constitute evidence of compliance with or satisfaction of any obligation of Developer to any holder of a deed of trust or mortgage securing money loaned to finance the Project or any part thereof and shall not be deemed a notice of completion under the California Civil Code, nor shall such Certificate provide evidence that Developer has satisfied any obligation that survives the expiration of this Agreement, including without limitation, Developer's obligations pursuant to the Regulatory Agreement.

3.17 Equal Opportunity. During the construction of the Project, there shall be no discrimination on the basis of race, color, religion, creed, sex, sexual orientation, marital status, ancestry or national origin in the hiring, firing, promoting or demoting of any person engaged in construction of the Project, and Developer shall direct its contractors and subcontractors to refrain from discrimination on such basis.

3.18 Prevailing Wage Requirements. To the full extent required by all applicable state and federal laws, rules and regulations, if any, Developer and its contractors and agents shall comply with California Labor Code Section 1720 *et seq.* and the regulations adopted pursuant thereto ("**State Prevailing Wage Laws**"), and, to the extent applicable, the prevailing wage provisions of the Davis-Bacon Act, 40 U.S.C. Sections 3141-3148 and implementing rules and regulations (collectively, "**Davis-Bacon**") and shall be responsible for carrying out the requirements of such provisions. If required by California law or City

EXHIBIT L

policy, Developer shall submit to City a plan for monitoring payment of prevailing wages and shall implement such plan at Developer's expense.

Subject to the last sentence of this paragraph, Developer shall indemnify, defend (with counsel approved by City) and hold the City and its elected and appointed officers, officials, employees, agents, consultants, and contractors (collectively, the "**Indemnitees**") harmless from and against all liability, loss, cost, expense (including without limitation attorneys' fees and costs of litigation), claim, demand, action, suit, judicial or administrative proceeding, penalty, deficiency, fine, order, and damage (all of the foregoing collectively "**Claims**") which directly or indirectly, in whole or in part, are caused by, arise in connection with, result from, relate to, or are alleged to be caused by, arise in connection with, or relate to, the payment or requirement of payment of prevailing wages (including without limitation, all claims that may be made by contractors, subcontractors or other third party claimants pursuant to Labor Code Sections 1726 and 1781), the failure to comply with any state or federal labor laws, regulations or standards in connection with this Agreement, including but not limited to the Prevailing Wage Laws and/or Davis-Bacon, or any act or omission of Developer related to this Agreement with respect to the payment or requirement of payment of prevailing wages, whether or not any insurance policies shall have been determined to be applicable to any such Claims. It is further agreed that City does not and shall not waive any rights against Developer which they may have by reason of this indemnity and hold harmless agreement because of the acceptance by City, or Developer's deposit with City, of any of the insurance policies described in this Agreement. The provisions of this Section 3.18 shall survive the expiration or earlier termination of this Agreement and the issuance of a Certificate of Completion for the Project and shall be assumed by any successor to Developer's interest in this Agreement. Developer's indemnification obligations set forth in this Section 3.18 shall not apply to Claims to the extent arising from the gross negligence or willful misconduct of one or more of the Indemnitees. Developer's indemnification obligations set forth in this Section 3.18 shall only apply to work performed by or on behalf of Developer or any entity affiliated with Developer, including without limitation, a Controlled Affiliate.

3.19 Compliance with Competitive Bidding and Other Laws. In connection with development and construction of the Project, Developer shall comply, and shall cause its contractors to comply with all applicable federal, state and local laws, rules, ordinances and regulations, including without limitation, all applicable federal and state labor laws and standards, applicable provisions of the California Public Contracts Code (if any), the City zoning and development standards, building, plumbing, mechanical and electrical codes, all other provisions of the City's Municipal Code, and all applicable disabled and handicapped access requirements, including without limitation, applicable provisions of the Americans with Disabilities Act, 42 U.S.C. Section 12101 *et seq.*, Government Code Section 4450 *et seq.*, Government Code Section 11135 *et seq.*, and the Unruh Civil Rights Act, Civil Code Section 51 *et seq.* Developer shall indemnify, defend (with counsel approved by City) and hold harmless the Indemnitees from and against any and all Claims arising in connection with the breach of Developer's obligations set forth in this Section 3.19 whether or not any insurance policies shall have been determined to be applicable to any such Claims. It is further agreed that City does not and shall not waive any rights against Developer which they may have by reason of this indemnity and hold harmless agreement because of the acceptance by City, or Developer's deposit with City, of any of the insurance policies

EXHIBIT L

described in this Agreement. Developer's indemnification obligations set forth in this Section shall not apply to Claims to the extent arising from the gross negligence or willful misconduct of the Indemnitees. Developer's defense and indemnification obligations set forth in this Section 3.19 shall survive the expiration or earlier termination of this Agreement and the issuance of a Certificate of Completion for the Project.

3.20 Liens and Stop Notices. Until the expiration of the term of the Regulatory Agreement and full repayment of the Loan, if a claim of a lien or stop notice is given or recorded affecting the Project or the Property, Developer shall within thirty (30) days of such recording or service: (a) pay and discharge (or cause to be paid and discharged) the same; or (b) effect the release thereof by recording and delivering (or causing to be recorded and delivered) to the party entitled thereto a surety bond in sufficient form and amount; or (c) provide other assurance satisfactory to City that the claim of lien or stop notice will be paid or discharged.

3.21 Right of City to Satisfy Liens on the Property. If Developer fails to satisfy or discharge any lien or stop notice on the Property pursuant to and within the time period set forth in Section 3.20 above, the City shall have the right, but not the obligation, to satisfy any such liens or stop notices at Developer's expense with prior written notice to Developer and all sums advanced by City for such purpose shall be part of the indebtedness secured by the Leasehold Deed of Trust. In such event Developer shall be liable for and shall immediately reimburse City for such paid lien or stop notice. Alternatively, the City may require Developer to immediately deposit with City the amount necessary to satisfy such lien or claim pending resolution thereof. The City may use such deposit to satisfy any claim or lien that is adversely determined against Developer. Developer shall file a valid notice of cessation or notice of completion upon cessation of construction of the Improvements for a continuous period of thirty (30) days or more, and shall take all other reasonable steps to forestall the assertion of claims or liens against the Property or the Improvements. The City may (but has no obligation to), with prior written notice to Developer, record any notices of completion or cessation of labor, or any other notice that the City deems necessary or desirable to protect its interest in the Property and the Improvements.

3.22 Performance and Payment Bonds. Prior to commencement of construction work on the Project, Developer shall cause its general contractor to deliver to the City copies of payment bond(s) and performance bond(s) issued by a reputable insurance company licensed to do business in California, each in a penal sum of not less than one hundred percent (100%) of the scheduled cost of construction of the Project. The bonds shall name the City as obligee. In lieu of such performance and payment bonds, subject to City's approval of the form and substance thereof, Developer may submit evidence satisfactory to the City of the contractor's ability to commence and complete construction of the Project in the form of an irrevocable letter of credit, pledge of cash deposit, certificate of deposit, or other marketable securities held by a broker or other financial institution, with signature authority of the City required for any withdrawal, or a completion guaranty in a form and from a guarantor acceptable to City. Such evidence must be submitted to City in approvable form in sufficient time to allow for City's review and approval prior to the scheduled construction start date.

3.23 Insurance Requirements. Developer shall maintain and shall cause its contractors to maintain all applicable insurance coverage specified in Article X.

EXHIBIT L

ARTICLE IV

CITY FINANCIAL ASSISTANCE

4.1 City Loan. Using the proceeds of the LHTF Grant, City will provide a City Loan to Developer in the maximum principal amount of Two Million Dollars (\$2,000,000) upon the terms and conditions and for the purposes set forth in this Agreement. The City Loan will be evidenced by a Note in the amount of the City Loan executed by Developer substantially in the form attached hereto as Exhibit F. The Note shall be secured by a Leasehold Deed of Trust, executed by Developer as Trustor for the benefit of City substantially in the form attached hereto as Exhibit G. The Deed of Trust shall be recorded in the Official Records on the Closing Date. The Deed of Trust may be subordinated only to such liens and encumbrances as City may approve in writing. Provided that Developer has complied with all conditions precedent to disbursement of the City Loan set forth in Section 4.8, the proceeds of the City Loan shall be disbursed for the purposes set forth in this Agreement.

4.3 Use and Disbursement of Proceeds. The proceeds of the City Loan ("**Loan Proceeds**") shall be used solely to fund predevelopment activities and the construction of the Project consistent with the Project approvals, this Agreement, the approved construction contract for the Project, and the approved Project development budget.

4.4 City Loan Interest Rate; Payment Dates; Maturity Date. The outstanding principal balance of the City Note will not bear interest. Annual payments shall be due and payable on a residual receipts basis in accordance with the formula set forth in the City Note and the project financing plan. The entire outstanding principal balance of the City Loan together with all other sums due under the City Note shall be payable in full on the date (the "Maturity Date") which is the earlier of (i) the fifty-fifth (55th) anniversary of the date of issuance of the final certificate of occupancy for the Project, or (ii) the fifty-seventh (57th) anniversary of the City Loan origination date. Notwithstanding the foregoing, the City shall have the right to accelerate the maturity date and declare all sums payable under the Permanent Note immediately due and payable upon the occurrence of an Event of Developer Default, including without limitation, Developer's failure to commence or complete construction of the Project within the times periods specified in this Agreement.

4.5 Prepayment; Acceleration.

(a) Prepayment. Developer shall have the right to prepay the City Loan at any time and from time to time, without penalty or premium, provided that any prepayment of principal must be accompanied by interest accrued but unpaid to the date of prepayment. Prepayments shall be applied first to accrued but unpaid interest and then to principal. Any such prepayment shall have no effect upon Developer's obligations under the Regulatory Agreement which shall survive for the full term of the Regulatory Agreement.

(b) Due On Sale or Encumbrance. Unless City agrees otherwise in writing, the entire unpaid principal balance and all interest and other sums accrued under the City Note shall be due and payable upon the Transfer absent the prior written consent

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of City of all or any part of or interest in the Property except as otherwise permitted pursuant to this Agreement.

4.7 Nonrecourse. Except as expressly provided in Section 3.9 of the City Note, the Note shall be non-recourse to Developer.

4.8 Conditions to Disbursement of Loan Proceeds. City's obligation to fund the City Loan and disburse the proceeds (the "Loan Proceeds") thereof is conditioned upon the satisfaction of all of the conditions set forth in Articles II and III above, and all of the following conditions:

(i) Developer's execution and delivery to City of this Agreement, the City Note, , the Deed of Trust, the Memorandum, the Regulatory Agreement, the Option Agreement, the Assignment Agreements;

(ii) Recordation of the Memorandum, the Deed of Trust, and the Regulatory Agreement in the Official Records;

(iii) The issuance by an insurer satisfactory to City of an A.L.T.A. lender's policy of title insurance ("Title Policy") for the benefit of City in the amount of the City Loan, showing leasehold of the Premises vested in Developer and insuring that the Deed of Trust, and the Regulatory Agreement are subject only to such title exceptions as City may approve in writing ("**Permitted Exceptions**") and containing such endorsements as City may reasonably require, with the cost of such Title Policy to be paid by Developer;

(iv) Developer's delivery to the City of evidence of property and liability insurance coverage in accordance with the requirements set forth in the City Loan Documents;

(v) Developer's delivery to City of each of the following: (i) certificate of good standing, certified by the Secretary of State indicating that Developer is properly organized and authorized to do business in the State of California, (ii) a certified resolution indicating that Developer has authorized the transactions contemplated by this Agreement and that the persons executing the City Documents on behalf of Developer have been duly authorized to do so, (iii) certified copy of Developer's LP-1, (iv) a copy of Developer's executed partnership agreement, certified as accurate and complete by an authorized officer of Developer's general partner ("**Partnership Agreement**"); (v) certified copies of Developer's general partner's LLC-1 and operating agreement; and (vi) verification of Developer's Managing General Partner's tax-exempt status;

(vi) No material adverse change as determined by City in its reasonable judgment shall have occurred in the condition of the Premises or in the financial or other condition of Developer since the date of this Agreement;

(vii) Developer's delivery to City of evidence reasonably satisfactory to City that Developer has obtained all necessary entitlements, permits (including without limitation building permits), licenses, and approvals required to develop the Project, or that the receipt of such permits is subject only to such conditions as City shall reasonably approve;

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(viii) City shall have approved the final plans and specifications for the Project;

(ix) City shall have obtained the issuance by HCD of all approvals required in connection with the use of the LHTF grant proceeds for construction;

(x) Developer shall have delivered to City evidence reasonably satisfactory to City that Developer has secured binding commitments, subject only to commercially reasonable conditions, for all Project construction and permanent financing, including without limitation) and an executed agreement of limited partnership evidencing the commitment of Developer's limited partner to contribute equity funds in accordance with a schedule approved by City;

(xi) City shall have confirmed to its satisfaction that Developer's limited partners and other grant sources have funded their contribution to the Project in accordance with the Partnership Agreement and grant documents;

(xii) Developer's delivery to City and City approval of all of the following: (a) Project construction and operating budgets; (b) performance bonds or other assurance of completion reasonably acceptable to City pursuant to the requirements set forth in Section 3.21; (c) construction schedule; (d) construction contract for the Project, (e) such other documents related to the development and financing of the Project as City may reasonably request;

(xiii) City's receipt of written requisition(s) from Developer specifying the amount and use of the requested funds, accompanied by: (a) copies of third-party invoices, evidence of Developer's payment for services rendered in connection with the Project and such other documentation as City shall reasonably require, including without limitation assignment agreements and consents in form acceptable to City providing City with the right to rely upon and use the plans, studies and other work product paid for with Loan Proceeds; (b) certification by Borrower's architect that the work for which disbursement is requested has been completed (although City reserves the right to inspect the Property and make an independent evaluation); and (c) lien releases and/or mechanics lien title insurance endorsements acceptable to City.

(xiv) City's inspection and approval of the work that is the subject of the requisition; and

(xv) Developer's compliance with all applicable requirements for disbursement of LHTF grant funds.

4.9 No Obligation to Disburse Proceeds Upon Default. Notwithstanding any other provision of this Agreement, the City shall have no obligation to disburse or authorize the disbursement of any portion of the Loan Proceeds following:

(i) the failure of any of Developer's representations and warranties made in this Agreement or in connection with this Agreement or the City Loan to be true and correct in all material respects;

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- (ii) the termination of this Agreement by mutual agreement of the Parties;
- (iii) the failure of Developer's limited partners to pay their equity contribution to the Project in accordance with the Partnership Agreement;
- (iv) the occurrence of an Event of Default under any City Loan Document which remains uncured beyond any applicable cure period, or the existence of any condition, event or act which upon the giving of notice or the passage of time or both would constitute an Event of Default under any City Loan Document.

4.10 Cost Certification. At Developer's expense, Developer shall provide City with a complete certified audit of all construction period expenditures from all sources of funding. With City's prior written approval, Developer may submit a comparable audit as may be required by TCAC. In such case Developer shall confer with the City regarding the firm that will provide such audit services.

ARTICLE V**USE OF THE PROPERTY**

5.1 Use; Affordable Housing. Developer covenants and agrees for itself and its successors and assigns that the Property shall be used for the development and operation of a multi-family residential project, in accordance with the terms and conditions of this Agreement and the Regulatory Agreement.

5.2 Maintenance. Developer shall, at its own expense, maintain the Property, the Improvements and related landscaping and common areas in good physical condition, in good repair, and in decent, safe, sanitary, habitable and tenantable living conditions in conformity with all applicable state, federal, and local laws, ordinances, codes, and regulations. Without limiting the foregoing, Developer agrees to maintain the Project and the Premises (including without limitation, the residential units, common areas, landscaping, driveways, parking areas, and walkways) in a condition free of all waste, nuisance, debris, unmaintained landscaping, graffiti, disrepair, abandoned vehicles/appliances, and illegal activity, and shall take all reasonable steps to prevent the same from occurring on the Premises or at the Project. Developer shall prevent and/or rectify any physical deterioration of the Premises and the Project and shall make all repairs, renewals and replacements necessary to keep the Property and the improvements located thereon in good condition and repair. Developer shall provide adequate security for occupants of the Project.

5.3 Taxes and Assessments. From and after Developer's acquisition of the Premises, Developer shall pay all real and personal property taxes, assessments and charges and all franchise, income, payroll, withholding, sales, and other taxes assessed against the Premises or the Improvements and payable by Developer, at such times and in such manner as to prevent any penalty from accruing, or any lien or charge from attaching to the Premises or the Improvements; provided, however, that Developer shall have the right to contest in good faith, any such taxes, assessments, or charges. In the event the Developer exercises its right to contest any tax, assessment, or charge, the Developer, on

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final determination of the proceeding or contest, shall immediately pay or discharge any decision or judgment rendered against it, together with all costs, charges and interest.

5.4 Obligation to Refrain from Discrimination. Developer shall not restrict the rental, sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Premises or the Improvements, or any portion thereof, on the basis of race, color, religion, creed, sex, sexual orientation, disability, marital status, ancestry, or national origin of any person. Developer covenants for itself and all persons claiming under or through it, and this Agreement is made and accepted upon and subject to the condition that there shall be no discrimination against or segregation of any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Premises or part thereof, nor shall Developer or any person claiming under or through Developer establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in, of, or for the Premises or the Improvements or part thereof. Developer shall include such provision in all deeds, leases, contracts and other instruments executed by Developer, and shall enforce the same diligently and in good faith.

All deeds, leases or contracts made or entered into by Developer, its successors or assigns, as to any portion of the Property or the Improvements shall contain the following language:

(a) In Deeds, the following language shall appear:

"(1) Grantee herein covenants by and for itself, its successors and assigns, and all persons claiming under or through it, that there shall be no discrimination against or segregation of a person or of a group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the property herein conveyed nor shall the grantee or any person claiming under or through the grantee establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the property herein conveyed. The foregoing covenant shall run with the land."

"(2) Notwithstanding paragraph (1), with respect to familial status, paragraph (1) shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in paragraph (1) shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11 and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to paragraph (1)."

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- (b) In Leases, the following language shall appear:

“(1) The lessee herein covenants by and for the lessee and lessee’s heirs, personal representatives and assigns, and all persons claiming under the lessee or through the lessee, that this lease is made subject to the condition that there shall be no discrimination against or segregation of any person or of a group of persons on account of race, color, creed, religion, sex, sexual orientation, marital status, national origin, ancestry or disability in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the property herein leased nor shall the lessee or any person claiming under or through the lessee establish or permit any such practice or practices of discrimination of segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, sublessees, subtenants, or vendees in the property herein leased.

“(2) Notwithstanding paragraph (1), with respect to familial status, paragraph (1) shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in paragraph (1) shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11 and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to paragraph (1).”

- (c) In Contracts, the following language shall appear:

“There shall be no discrimination against or segregation of any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the property nor shall the transferee or any person claiming under or through the transferee establish or permit any such practice or practices of discrimination or segregation with reference to selection, location, number, use or occupancy of tenants, lessee, subtenants, sublessees or vendees of the land.”

ARTICLE VI

LIMITATIONS ON CHANGE IN OWNERSHIP, MANAGEMENT AND CONTROL OF DEVELOPER

6.1 Change Pursuant to this Agreement. Developer and its principals have represented that they possess the necessary expertise, skill and ability to carry out the development of the Project on the Premises pursuant to this Agreement. The

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qualifications, experience, financial capacity and expertise of Developer and its principals are of particular concern to the City. It is because of these qualifications, experience, financial capacity and expertise that the City has entered into this Agreement with Developer. No voluntary or involuntary successor, assignee or transferee of Developer shall acquire any rights or powers under this Agreement, except as expressly provided herein.

6.2 Prohibition on Transfer. Prior to the expiration of the term of the Regulatory Agreement, Developer shall not, except as expressly permitted by this Agreement, directly or indirectly, voluntarily, involuntarily or by operation of law make or attempt any total or partial sale, transfer, conveyance, assignment or lease (collectively, “**Transfer**”) of the whole or any part of Developer’s interest in the Premises, the Project, the Improvements, or this Agreement, without the prior written approval of City, which approval shall not be unreasonably withheld. (The provisions concerning Transfer of the Premises, the Project and the Improvements shall apply commencing upon Developer’s assumption of the County Lease and/or entry into the Space Lease, as applicable.) Any such attempt to assign this Agreement without the City’s consent shall be null and void and shall confer no rights or privileges upon the purported assignee. In addition to the foregoing, prior to the expiration of the term of the Regulatory Agreement, except as expressly permitted by this Agreement, Developer shall not undergo any significant change of ownership without the prior written approval of City. For purposes of this Agreement, a “significant change of ownership” shall mean a transfer of the beneficial interest of more than twenty-five percent (25%) in aggregate of the present ownership and /or control of Developer, taking all transfers into account on a cumulative basis; provided however, that notwithstanding the foregoing or anything to the contrary contained herein, (i) neither the admission of limited partner(s), nor the transfer by such limited partner(s) of their interest in Developer to subsequent limited partners shall be restricted by this provision; (ii) such limited partner(s) may remove Developer’s general partner(s) for cause in accordance with the Partnership Agreement, provided that such limited partner(s) replace any general partner(s) so removed with a replacement general partner reasonably acceptable to the City within a reasonable period of time; and (iii) the City’s consent shall not be required in connection with any transfer of the Premises or the partnership interests of Developer’s limited partner(s) pursuant to the Purchase Option Agreement (as defined in the Partnership Agreement), provided further that City’s Option remain at all times senior to such Purchase Option Agreement.

6.3 Permitted Transfers. Notwithstanding any contrary provision hereof, the prohibitions set forth in this Article shall not be deemed to prevent: (i) the granting of easements or permits to facilitate development of the Premises ; (ii) the dedication of any property required pursuant to this Agreement; (iii) the lease of individual residences to tenants for occupancy as their principal residence in accordance with the Regulatory Agreement; (iv) assignments creating security interests for the purpose of financing the acquisition, construction or permanent financing of the Project or the Premises in accordance with the approved Financing Plan as it may be updated with City approval, and subject to the requirements of Article VII, or Transfers directly resulting from the foreclosure of, or granting of a deed in lieu of foreclosure of, such a security interest; (v) a Transfer to a single purpose limited partnership in which at least one of the general partners is an affiliate

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controlled by Mercy Housing California, a 501 (c)(3) not for profit corporation (“**Controlled Affiliate**”).

6.4 Requirements for Proposed Transfers. The City may, in the exercise of its sole discretion, consent to a proposed Transfer of this Agreement, the Improvements, the Premises or portion thereof if all of the following requirements are met (provided however, the requirements of this Section 6.4 shall not apply to Transfers described in clauses (i) through (v) of Section 6.3):

(i) The proposed transferee demonstrates to the City's satisfaction that it has the qualifications, experience and financial resources necessary and adequate as may be reasonably determined by the City to competently complete construction of the Project and to otherwise fulfill the obligations undertaken by the Developer under this Agreement.

(ii) The Developer and the proposed transferee shall submit for City review and approval all instruments and other legal documents proposed to effect any Transfer of this Agreement, the Improvements, the Premises or interest therein together with such documentation of the proposed transferee's qualifications and development capacity as the City may reasonably request.

(iii) The proposed transferee shall expressly assume all of the rights and obligations of the Developer under this Agreement and the City Loan Documents arising after the effective date of the Transfer and all obligations of Developer arising prior to the effective date of the Transfer (unless Developer expressly remains responsible for such obligations) and shall agree to be subject to and assume all of Developer's obligations pursuant to the Conditions of Approval and all other conditions, and restrictions set forth in this Agreement and the Regulatory Agreement.

(iv) The Transfer shall be effectuated pursuant to a written instrument satisfactory to the City in form recordable in the Official Records.

Consent to any proposed Transfer may be given by the City Manager unless the City Manager, in his or her discretion, refers the matter of approval to the City Council. If a proposed Transfer has not been approved by City in writing within thirty (30) days following City's receipt of written request by Developer, it shall be deemed rejected.

6.5 Effect of Transfer without City Consent.

6.5.1 In the absence of specific written agreement by the City, no Transfer by Developer shall be deemed to relieve the Developer or any other party from any obligation under this Agreement.

6.5.2 Without limiting any other remedy City may have under this Agreement, or under law or equity, it shall be an Event of Developer Default hereunder entitling City to terminate this Agreement if without the prior written approval of the City, Developer assigns or Transfers this Agreement, the Improvements, or the Premises prior to the City's issuance of a Certificate of Completion. This Section 6.5.2 shall not apply to Transfers described in clauses (i) through (v) of Section 6.3.

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6.6 Recovery of City Costs. Developer shall reimburse City up to One Hundred Fifty Thousand Dollars (\$150,000) within thirty (30) days following City's delivery to Developer of an invoice detailing such costs provided that any such invoices may be delivered only after the construction loan closing is consummated. Costs incurred by the City may include, but are not limited to, land costs, activity delivery and legal costs. Recovery is required, if and only if a Closing is consummated.

ARTICLE VII**SECURITY FINANCING AND RIGHTS OF MORTGAGEES**

7.1 Mortgages and Deeds of Trust for Development. Mortgages and deeds of trust, or any other reasonable security instrument are permitted to be placed upon the Premises or the Improvements only for the purpose of securing loans for the purpose of financing the acquisition of the Property, the design and construction of the Improvements, and other expenditures reasonably necessary for development of the Premises pursuant to this Agreement. Developer shall not enter into any conveyance for such financing that is not contemplated in the Financing Plan as it may be updated with City approval, without the prior written approval of the City Manager or his or her designee. As used herein, the terms "mortgage" and "deed of trust" shall mean any security instrument used in financing real estate acquisition, construction and land development.

7.1.1 Memorandum and Regulatory Agreement to be Senior to Mortgages. The City will not withhold consent to reasonable requests for subordination of the City Deeds of Trust and Regulatory Agreement to deeds of trust provided for the benefit of lenders identified in the Financing Plan as it may be updated with City approval, provided that the instruments effecting such subordination include reasonable protections to the City in the event of default.

7.2 Holder Not Obligated to Construct. The holder of any mortgage, deed of trust authorized by this Agreement shall not be obligated to complete construction of the Improvements or to guarantee such completion. Nothing in this Agreement shall be deemed to permit or authorize any such holder to devote the Premises or any portion thereof to any uses, or to construct any improvements thereon, other than those uses or improvements provided for or authorized by this Agreement.

7.3 Notice of Default and Right to Cure. Whenever City delivers any notice of default hereunder, City shall concurrently deliver a copy of such notice to each holder of record of any mortgage or deed of trust secured by the Premises or the Improvements, provided that City has been provided with the address for delivery of such notice. City shall have no liability to any such holder for any failure by the City to provide such notice to such holder. Each such holder shall have the right, but not the obligation, at its option, to cure or remedy any such default or breach within the cure period provided to Developer extended by and additional sixty (60) days. In the event that possession of the Premises or the Improvements (or any portion thereof) is required to effectuate such cure or remedy, the holder shall be deemed to have timely cured or remedied the default if it commences the proceedings necessary to obtain possession of the Premises or Improvements, as applicable, within sixty (60) days after receipt of the City's notice, diligently pursues such proceedings to completion, and after obtaining possession, diligently completes such cure

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or remedy. A holder who chooses to exercise its right to cure or remedy a default or breach shall first notify City of its intent to exercise such right prior to commencing to cure or remedy such default or breach. Nothing contained in this Agreement shall be deemed to permit or authorize such holder to undertake or continue the construction of the Project (beyond the extent necessary to conserve or protect the same) without first having expressly assumed in writing Developer's obligations to City under this Agreement. The holder in that event must agree to complete, in the manner provided in this Agreement, the Project and the Improvements and submit evidence reasonably satisfactory to City that it has the development capability on staff or retainer and the financial capacity necessary to perform such obligations. Any such holder properly completing the Project pursuant to this Section 7.3 shall assume all rights and obligations of Developer under this Agreement and shall be entitled to a Certificate of Completion upon compliance with the requirements of this Agreement.

7.4 City Right to Cure Defaults. In the event of a breach or default by Developer under a mortgage or deed of trust secured by the Premises or the Improvements, City may cure the default, without acceleration of the subject loan, following prior notice thereof to the holder of such instrument and Developer. In such event, Developer shall be liable for, and City shall be entitled to reimbursement from Developer for all costs and expenses incurred by City associated with and attributable to the curing of the default or breach and such sum shall constitute a part of the indebtedness secured by the Deed of Trust.

7.5 Holder to be Notified. Developer agrees to use best efforts to ensure that each term contained herein dealing with security financing and rights of holders shall be either inserted into the relevant deed of trust or mortgage or acknowledged by the holder prior to its creating any security right or interest in the Premises or the Improvements.

7.6 Modifications to Agreement. City shall not unreasonably withhold its consent to modifications of this Agreement requested by Project lenders or investors provided such modifications do not alter City's substantive rights and obligations under this Agreement.

7.7 Estoppel Certificates. Either Party shall, at any time, and from time to time, within fifteen (15) days after receipt of written request from the other Party, execute and deliver to such Party a written statement certifying that, to the knowledge of the certifying Party: (i) this Agreement is in full force and effect and a binding obligation of the Parties (if such be the case), (ii) this Agreement has not been amended or modified, or if so amended, identifying the amendments, and (iii) the requesting Party is not in default in the performance of its obligations under this Agreement, or if in default, describing the nature of any such defaults.

ARTICLE VIII**ENVIRONMENTAL MATTERS**

8.1 No City Liability; Developer's Covenants. City shall not be responsible for the cost of any soil, groundwater or other environmental remediation or other response activities for any Hazardous Materials existing or occurring in, on, under or about the Improvements, the Premises or any portion thereof. From and after Developer's assumption of the County Lease and/or entry into the Lease, as applicable, upon receipt of

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any notice regarding the presence, release or discharge of Hazardous Materials in, on or under the Improvements, the Premises, or any portion thereof, Developer agrees to timely initiate and diligently pursue and complete all appropriate response, remediation and removal actions for the presence, release or discharge of such Hazardous Materials within such deadlines as specified by applicable Environmental Laws. Developer hereby covenants and agrees that commencing upon Developer's acquisition of its interests in the Premises:

(i) Developer shall not knowingly permit the Project or the Premises or any portion of either to be a site for the use, generation, treatment, manufacture, storage, disposal or transportation of Hazardous Materials or otherwise knowingly permit the presence or release of Hazardous Materials in, on, under, about or from the Project or the Premises with the exception of cleaning supplies and other materials customarily used in construction, operation or maintenance of residential property and any commercial uses developed as part of the Project, and used, stored and disposed of in compliance with Hazardous Materials Laws, and

(ii) Developer shall keep and maintain the Project and the Premises and each portion thereof in compliance with, and shall not cause or permit the Project or the Premises or any portion of either to be in violation of, any Hazardous Materials Laws.

8.2 Environmental Indemnification. Subject to the last sentence of this Section 8.2, commencing upon Developer's execution of the Assignment and the Space Lease, Developer shall indemnify, defend (with counsel approved by City) and hold the Indemnitees harmless from and against any and all Claims including without limitation any expenses associated with the investigation, assessment, monitoring, response, removal, treatment, abatement or remediation of Hazardous Materials and administrative, enforcement or judicial proceedings resulting, arising, or based directly or indirectly in whole or in part, upon (i) the presence, release, use, generation, discharge, storage or disposal or the alleged presence, release, discharge, storage or disposal of any Hazardous Materials on, under, in or about, or the transportation of any such Hazardous Materials to or from, the Property, or (ii) the failure of Developer, Developer's employees, agents, contractors, subcontractors, or any person acting on behalf of any of the foregoing to comply with Hazardous Materials Laws or the covenants set forth in Section 8.1 except to the extent that Claims arise as a result of the gross negligence or willful misconduct of Indemnitees. The foregoing indemnity shall further apply to any residual contamination in, on, under or about the Property or affecting any natural resources, and to any contamination of any property or natural resources arising in connection with the generation, use, handling, treatment, storage, transport or disposal of any such Hazardous Materials, and irrespective of whether any of such activities were or will be undertaken in accordance with Hazardous Materials Laws. The provisions of this Section 8.2 shall survive the issuance of a Certificate of Completion for the Project and the expiration or earlier termination of this Agreement. Except for any Claims caused by the sole negligence of the Developer or its agents, Developer's indemnification obligations set forth in this Section shall not apply to Claims regarding the Premises arising out of or occurring prior to Developer's acquisition of the Premises.

8.2.1 No Limitation. Developer hereby acknowledges and agrees that Developer's duties, obligations and liabilities under this Agreement, including, without

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limitation, under Section 8.2 above, are in no way limited or otherwise affected by any information the City may have concerning the Premises and/or the presence in, on, under or about the Property of any Hazardous Materials, whether the City obtained such information from the Developer or from its own investigations. It is further agreed that City does not and shall not waive any rights against Developer that it may have by reason of this indemnity and hold harmless agreement because of the acceptance by City, or the deposit with City by Developer, of any of the insurance policies described in this Agreement.

8.3 Hazardous Materials. As used herein, the term “**Hazardous Materials**” means any substance, material or waste which is or becomes regulated by any federal, state or local governmental authority, and includes without limitation (i) petroleum or oil or gas or any direct or indirect product or by-product thereof; (ii) asbestos and any material containing asbestos; (iii) any substance, material or waste regulated by or listed (directly or by reference) as a “hazardous substance”, “hazardous material”, “hazardous waste”, “toxic waste”, “toxic pollutant”, “toxic substance”, “solid waste” or “pollutant or contaminant” in or pursuant to, or similarly identified as hazardous to human health or the environment in or pursuant to, the Toxic Substances Control Act [15 U.S.C. Section 2601 et seq.]; the Comprehensive Environmental Response, Compensation and Liability Act [42 U.S.C. Section 9601 et seq.], the Hazardous Materials Transportation Authorization Act [49 U.S.C. Section 5101 et seq.], the Resource Conservation and Recovery Act [42 U.S.C. Section 6901 et seq.], the Federal Water Pollution Control Act [33 U.S.C. Section 1251], the Clean Air Act [42 U.S.C. Section 7401 et seq.], the California Underground Storage of Hazardous Substances Act [California Health and Safety Code Section 25280 et seq.], the California Hazardous Substances Account Act [California Health and Safety Code Section 25300 et seq.], the California Hazardous Waste Act [California Health and Safety Code Section 25100 et seq.], the California Safe Drinking Water and Toxic Enforcement Act [California Health and Safety Code Section 25249.5 et seq.], and the Porter-Cologne Water Quality Control Act [California Water Code Section 13000 et seq.], as they now exist or are hereafter amended, together with any regulations promulgated thereunder; (iv) any substance, material or waste which is defined as such or regulated by any “Superfund” or “Superliner” law, or any Environmental Law; or (v) any other substance, material, chemical, waste or pollutant identified as hazardous or toxic and regulated under any other federal, state or local environmental law, including without limitation, asbestos, polychlorinated biphenyls, petroleum, natural gas and synthetic fuel products and by-products. Hazardous Materials shall not include any materials routinely used in the construction or operations of multifamily housing in accordance with all applicable laws and regulations.

8.4 Environmental Laws. As used herein, the term “**Environmental Laws**” means all federal, state or local statutes, ordinances, rules, regulations, orders, decrees, judgments or common law doctrines, and provisions and conditions of permits, licenses and other operating authorizations regulating, or relating to, or imposing liability or standards of conduct concerning (i) pollution or protection of the environment, including natural resources; (ii) exposure of persons, including employees and agents, to Hazardous Materials (as defined above) or other products, raw materials, chemicals or other substances; (iii) protection of the public health or welfare from the effects of by-products, wastes, emissions, discharges or releases of chemical substances from industrial or commercial activities; (iv) the manufacture, use or introduction into commerce of chemical substances, including without limitation, their manufacture, formulation, labeling,

EXHIBIT L

distribution, transportation, handling, storage and disposal; or (iv) the use, release or disposal of toxic or hazardous substances or Hazardous Materials or the remediation of air, surface waters, groundwaters or soil, as now or may at any later time be in effect, including but not limited to the Toxic Substances Control Act [15 U.S.C. Section 2601 et seq.]; the Comprehensive Environmental Response, Compensation and Liability Act [42 U.S.C. Section 9601 et seq.], the Hazardous Materials Transportation Authorization Act [49 U.S.C. Section 5101 et seq.], the Resource Conservation and Recovery Act [42 U.S.C. Section 6901 et seq.], the Federal Water Pollution Control Act [33 U.S.C. Section 1251], the Clean Air Act [42 U.S.C. Section 7401 et seq.], the California Underground Storage of Hazardous Substances Act [California Health and Safety Code Section 25280 et seq.], the California Hazardous Substances Account Act [California Health and Safety Code Section 25300 et seq.], the California Hazardous Waste Act [California Health and Safety Code Section 25100 et seq.], the California Safe Drinking Water and Toxic Enforcement Act [California Health and Safety Code Section 25249.5 et seq.], and the Porter-Cologne Water Quality Control Act [California Water Code Section 13000 et seq.], as each of the foregoing now exist or are hereafter amended, together with any regulations promulgated thereunder.

ARTICLE IX

DEFAULTS, REMEDIES AND TERMINATION

9.1 Event of Developer Default. The following events shall constitute an event of default on the part of Developer (“**Event of Developer Default**”):

(a) Subject to force majeure, the availability of financing and City’s issuance of permits and approvals, Developer fails to commence or complete construction of the Project within the times set forth in Section 3.9, or subject to force majeure, abandons or suspends construction of the Project prior to completion for a period of sixty (60) days or more;

(b) Developer fails to pay when due the principal and interest (if any) payable under the Note and such failure continues for ten (10) days after City notifies Developer thereof in writing;

(c) A Transfer occurs, either voluntarily or involuntarily, in violation of Article VI;

(d) Developer fails to maintain insurance as required pursuant to this Agreement, and Developer fails to cure such default within ten (10) days;

(e) Subject to Developer’s right to contest the following charges pursuant to Section 5.3, if Developer fails to pay prior to delinquency taxes or assessments due on the Premises or the Project or fails to pay when due any other charge that may result in a lien on the Premises or the Project, and Developer fails to cure such default within thirty (30) days of date of delinquency, but in all events upon the imposition of any such tax or other lien;

(f) Following Developer’s acquisition of the Property, a default arises under any loan secured by a mortgage, deed of trust or other security instrument recorded

EXHIBIT L

against the Premises, the Improvements, or Developer's interest therein, and remains uncured beyond any applicable cure period such that the holder of such security instrument has the right to accelerate repayment of such loan;

(g) Any representation or warranty contained in this Agreement or in any application, financial statement, certificate or report submitted to the City in connection with this Agreement or Developer's request for the City Loan proves to have been incorrect in any material and adverse respect when made and continues to be materially adverse to the City, and Developer fails to cure such default within sixty (60) days after the date upon which City shall have given written notice to Developer;

(h) If, pursuant to or within the meaning of the United States Bankruptcy Code or any other federal or state law relating to insolvency or relief of debtors ("**Bankruptcy Law**"), Developer or any general partner thereof (i) commences a voluntary case or proceeding; (ii) consents to the entry of an order for relief against Developer or any general partner thereof in an involuntary case; (iii) consents to the appointment of a trustee, receiver, assignee, liquidator or similar official for Developer or any general partner thereof; (iv) makes an assignment for the benefit of its creditors; or (v) admits in writing its inability to pay its debts as they become due;

(i) A court of competent jurisdiction shall have made or entered any decree or order (1) adjudging the Developer to be bankrupt or insolvent, (2) approving as properly filed a petition seeking reorganization of the Developer or seeking any arrangement for Developer under bankruptcy law or any other applicable debtor's relief law or statute of the United States or any state or other jurisdiction, (3) appointing a receiver, trustee, liquidator, or assignee of the Developer in bankruptcy or insolvency or for any of its properties, or (4) directing the winding up or liquidation of the Developer;

(j) Developer shall have assigned its assets for the benefit of its creditors (other than pursuant to a mortgage loan) or suffered a sequestration or attachment of or execution on any substantial part of its property, unless the property so assigned, sequestered, attached or executed upon shall have been returned or released within sixty (60) days after such event (unless a lesser time period is permitted for cure under any other mortgage on the Property or the Improvements, in which event such lesser time period shall apply under this subsection as well) or prior to any sooner sale pursuant to such sequestration, attachment, or execution;

(k) The Developer shall have voluntarily suspended its business or Developer shall have been dissolved or terminated;

(l) An event of default arises under any City Loan Document and remains uncured beyond any applicable cure period;

(m) Developer's limited partners fail to contribute equity to the Project in accordance with the schedule therefor in the Partnership Agreement; or

(n) Developer defaults in the performance of any term, provision, covenant or agreement contained in this Agreement other than an obligation enumerated in this Section 9.1 and unless a shorter cure period is specified for such default, the default

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continues for ten (10) days in the event of a monetary default or ninety (90) days in the event of a nonmonetary default after the date upon which City shall have given written notice of the default to Developer; provided however, if the default is of a nature that it cannot be cured within sixty (60) days, an Event of Developer Default shall not arise hereunder if Developer commences to cure the default within sixty (60) days and thereafter prosecutes the curing of such default with due diligence and in good faith to completion and in no event later than one hundred twenty (120) days after receipt of notice of the default.

9.2 City Default. An event of default on the part of City ("**Event of City Default**") shall arise hereunder if City fails to keep, observe, or perform any of its covenants, duties, or obligations under this Agreement, and the default continues for a period of thirty (30) days after written notice thereof from Developer to City, or in the case of a default which cannot with due diligence be cured within thirty (30) days, City fails to commence to cure the default within thirty (30) days of such notice and thereafter fails to prosecute the curing of such default with due diligence and in good faith to completion.

9.3 City's Right to Terminate Agreement. If an Event of Developer Default shall occur and be continuing beyond any applicable cure period, then City shall, in addition to other rights available to it under law or this Agreement, have the right to terminate this Agreement. If City makes such election, City shall give written notice to Developer and to any mortgagee entitled to such notice specifying the nature of the default and stating that this Agreement shall expire and terminate on the date specified in such notice, and upon the date specified in the notice, this Agreement and all rights of Developer under this Agreement, shall expire and terminate.

9.4 City's Remedies and Rights Upon an Event of Developer Default. Upon the occurrence of an Event of Developer Default and the expiration of any applicable cure period, City shall have all remedies available to it under this Agreement or under law or equity, including, but not limited to the following, and City may, at its election, without notice to or demand upon Developer, except for notices or demands required by law or expressly required pursuant to the City Documents, exercise one or more of the following remedies:

(a) Seek specific performance to enforce the terms of the City Loan Documents;

(b) Pursue any and all other remedies available under this Agreement or under law or equity to enforce the terms of the City Loan Documents and City's rights thereunder.

9.5 Developer's Remedies Upon an Event of City Default. Upon the occurrence of an Event of City Default, in addition to pursuing any other remedy allowed at law or in equity or otherwise provided in this Agreement, Developer may bring an action for equitable relief seeking the specific performance of the terms and conditions of this Agreement, and/or enjoining, abating, or preventing any violation of such terms and conditions, and/or seeking to obtain any other remedy consistent with the purpose of this Agreement.

9.6 Remedies Cumulative; No Consequential Damages. Except as otherwise expressly stated in this Agreement, the rights and remedies of the Parties are cumulative, and the exercise by either Party of one or more of such rights or remedies shall not

EXHIBIT L

preclude the exercise by it, at the same or different time, of any other rights or remedies for the same or any other default by the other Party. Notwithstanding anything to the contrary set forth herein, a Party's right to recover damages in the event of a default shall be limited to actual damages and shall exclude consequential damages.

9.7 Inaction Not a Waiver of Default. No failure or delay by either Party in asserting any of its rights and remedies as to any default shall operate as a waiver of such default or of any such rights or remedies, nor deprive either Party of its rights to institute and maintain any action or proceeding which it may deem necessary to protect, assert or enforce any such rights or remedies in the same or any subsequent default.

9.8 Rights of Limited Partners. Whenever City delivers any notice of default hereunder, City shall concurrently deliver a copy of such notice to Developer's limited partner(s) in accordance with Section 11.3, at the following address (or such alternate address designated by such limited partner(s) from time to time in a written notice to City):

 Attn: _____

The limited partner(s) shall have the same right as Developer to cure or remedy any default hereunder within the cure period provided to Developer, extended by an additional sixty (60) days.

ARTICLE X**INDEMNITY AND INSURANCE.**

10.1 Indemnity. Developer shall indemnify, defend (with counsel approved by City) and hold Indemnitees and HCD harmless from and against any and all Claims, including without limitation, Claims arising directly or indirectly, in whole or in part, as a result of or in connection with Developer's or Developer's contractors, subcontractors, agents or employees development, construction, improvement, operation, ownership or maintenance of the Project or the Premises, or any part thereof or otherwise arising out of or in connection with Developer's performance under this Agreement. Developer's indemnification obligations under this Section 10.1 shall not extend to Claims resulting solely from the gross negligence or willful misconduct of one or more Indemnitees. The provisions of this Section 10.1 shall survive the issuance of a Certificate of Completion for the Project and the expiration or earlier termination of this Agreement. It is further agreed that City does not and shall not waive any rights against Developer that they may have by reason of this indemnity and hold harmless agreement because of the acceptance by City, or the deposit with City by Developer, of any of the insurance policies described in this Agreement.

10.2 Liability and Workers' Compensation Insurance.

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(a) Prior to initiating work on the Project and continuing through the issuance of the Certificate of Completion, Developer and all contractors working on behalf of Developer on the Project shall maintain a commercial general liability policy in the amount of One Million Dollars (\$1,000,000) each occurrence, Two Million Dollars (\$2,000,000) annual aggregate, together with Three Million Dollars (\$3,000,000) excess liability coverage, or such other policy limits as City may require in its reasonable discretion, including coverage for bodily injury, property damage, products, completed operations and contractual liability coverage. Such policy or policies shall be written on an occurrence basis and shall name the Indemnitees and HCD as additional insureds.

(b) Until issuance of the Certificate of Completion, Developer and all contractors working on behalf of Developer shall maintain a comprehensive automobile liability coverage in the amount of One Million Dollars (\$1,000,000), combined single limit including coverage for owned and non-owned vehicles and shall furnish or cause to be furnished to City evidence satisfactory to City that Developer and any contractor with whom Developer has contracted for the performance of work on the Premises or otherwise pursuant to this Agreement carries workers' compensation insurance in an amount not less than One Million Dollars (\$1,000,000), including a Waiver of Subrogation. Automobile liability policies shall name the Indemnitees and HCD as additional insureds.

(c) Upon commencement of construction work and continuing until issuance of a Certificate of Completion, Developer and all contractors working on behalf of Developer shall maintain a policy of builder's all-risk insurance in an amount not less than the full insurable cost of the Project on a replacement cost basis naming City as loss payee. Such insurance shall include coverage for risks of direct physical loss or damage, excluding the perils of earthquake, flood, and earth movement.

(d) Upon completion of construction, Developer shall maintain property insurance covering all risks of loss (other than earthquake and flood) for one hundred percent (100%) of the replacement value of the Project with deductible, if any, in an amount acceptable to City, naming City as loss payee.

(e) Companies writing the insurance required hereunder shall be licensed to do business in the State of California. Insurance shall be placed with insurers with a current A.M. Best's rating of no less than A: VII. The Commercial General Liability and comprehensive automobile policies required hereunder shall name the Indemnitees as additional insureds. Builder's Risk and property insurance shall name City as loss payee as its interest may appear.

(f) Prior to commencement of construction work, Developer shall furnish City with certificates of insurance in form acceptable to City evidencing the required insurance coverage and duly executed endorsements evidencing such additional insured status. The certificates shall contain a statement of obligation on the part of the carrier to notify City of any material adverse change, cancellation, termination or non-renewal of the coverage at least thirty (30) days in advance of the effective date of any such material adverse change, cancellation, termination or non-renewal.

(g) If any insurance policy or coverage required hereunder is canceled or reduced, Developer shall, within twenty-one (21) days after receipt of notice of such

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cancellation or reduction in coverage, but in no event later than the effective date of cancellation or reduction, file with City a certificate showing that the required insurance has been reinstated or provided through another insurance company or companies. Upon failure to so file such certificate, City may, without further notice and at its option, procure such insurance coverage at Developer's expense, and Developer shall promptly reimburse City for such expense upon receipt of billing from City.

(h) Coverage provided by Developer shall be primary insurance and shall not be contributing with any insurance, or self-insurance maintained by City, and the policies shall so provide. Any Workers' Compensation insurance policies shall contain a waiver of subrogation for the benefit of the City. Developer shall furnish the required certificates and endorsements to City prior to the commencement of construction of the Project, and shall provide City with certified copies of the required insurance policies upon request of City.

ARTICLE XI**MISCELLANEOUS PROVISIONS**

11.1 No Brokers. Each Party warrants and represents to the other that no person or entity can properly claim a right to a real estate commission, brokerage fee, finder's fee, or other compensation with respect to the transactions contemplated by this Agreement. Each Party agrees to defend, indemnify and hold harmless the other Party from any claims, expenses, costs or liabilities arising in connection with a breach of this warranty and representation. The terms of this Section shall survive the expiration or earlier termination of this Agreement.

11.2 Enforced Delay; Extension of Times of Performance. Subject to the limitations set forth below, performance by either Party shall not be deemed to be in default, and all performance and other dates specified in this Agreement shall be extended where delays are due to: war, insurrection, strikes, lockouts, riots, floods, earthquakes, fires, casualties, acts of God, acts of the public enemy, epidemics, quarantine restrictions, freight embargoes, governmental restrictions or priority, litigation, including court delays, unusually severe weather, acts or omissions of the other Party, acts or failures to act of the City or any other public or governmental agency or entity, or any other cause beyond the affected Party's reasonable control. An extension of time for any such cause shall be for the period of the enforced delay and shall commence to run from the time of the commencement of the cause, if notice by the Party claiming such extension is sent to the other Party within thirty (30) days of the commencement of the cause and such extension is not rejected in writing by the other Party within ten (10) days of receipt of the notice. Neither Party shall unreasonably withhold consent to an extension of time pursuant to this Section 11.2.

Times of performance under this Agreement may also be extended in writing by the mutual agreement of Developer and City (acting in the discretion of the City Manager unless he or she determines in his or her discretion to refer such matter to the City Council). City and Developer acknowledge that adverse changes in economic conditions, either of the affected Party specifically or the economy generally, changes in market conditions or demand, and/or inability to obtain financing to complete the work of Improvements shall not constitute grounds of enforced delay pursuant to this Section 11.2.

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Each Party expressly assumes the risk of such adverse economic or market changes and/or financial inability, whether or not foreseeable as of the Effective Date.

11.3 Notices. Except as otherwise specified in this Agreement, all notices to be sent pursuant to this Agreement shall be made in writing, and sent to the Parties at their respective addresses specified below or to such other address as a Party may designate by written notice delivered to the other Parties in accordance with this Section 11.3. All such notices shall be sent by:

- (i) personal delivery, in which case notice is effective upon delivery;
- (ii) certified or registered mail, return receipt requested, in which case notice shall be deemed delivered on receipt if delivery is confirmed by a return receipt;
- (iii) nationally recognized overnight courier, with charges prepaid or charged to the sender's account, in which case notice is effective on delivery if delivery is confirmed by the delivery service;
- (iv) facsimile transmission, in which case notice shall be deemed delivered upon transmittal, provided that (a) a duplicate copy of the notice is promptly delivered by first-class or certified mail or by overnight delivery, or (b) a transmission report is generated reflecting the accurate transmission thereof. Any notice given by facsimile shall be considered to have been received on the next business day if it is received after 5:00 p.m. recipient's time or on a non-business day.

City: The City of Rancho Cordova
2729 Prospect Park Drive
Rancho Cordova, CA 95670
Attention: City Manager [or designee]

Facsimile: (916) 851-8787

Copy to: The City of Rancho Cordova
2729 Prospect Park Drive
Rancho Cordova, CA 95670
Attention: Housing Services Administrator

Developer: _____

Attn: _____
Facsimile: _____

11.4 Attorneys' Fees. If either Party fails to perform any of its obligations under this Agreement, or if any dispute arises between the Parties concerning the meaning or interpretation of any provision hereof, then the prevailing Party in any proceeding in connection with such dispute shall be entitled to the costs and expenses it incurs on

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account thereof and in enforcing or establishing its rights hereunder, including, without limitation, court costs and reasonable attorneys' fees and disbursements.

11.5 Waivers; Modification. No waiver of any breach of any covenant or provision of this Agreement shall be deemed a waiver of any other covenant or provision hereof, and no waiver shall be valid unless in writing and executed by the waiving Party. An extension of time for performance of any obligation or act shall not be deemed an extension of the time for performance of any other obligation or act, and no extension shall be valid unless in writing and executed by the Party granting the extension. This Agreement may be amended or modified only by a written instrument executed by the Parties.

11.6 Binding on Successors. Subject to the restrictions on Transfers set forth in Article VI, this Agreement shall bind and inure to the benefit of the Parties and their respective permitted successors and assigns. Any reference in this Agreement to a specifically named Party shall be deemed to apply to any permitted successor and assign of such Party who has acquired an interest in compliance with this Agreement or under law.

11.7 Survival. All representations made by Developer hereunder and Developer's obligations pursuant to Sections 3.15, 3.18, 3.19, 8.2, 10.1, 11.1 and 11.18 shall survive the expiration or termination of this Agreement and the issuance and recordation of a Certificate of Completion.

11.8 Construction. The section headings and captions used herein are solely for convenience and shall not be used to interpret this Agreement. The Parties acknowledge that this Agreement is the product of negotiation and compromise on the part of both Parties, and the Parties agree, that since both Parties have participated in the negotiation and drafting of this Agreement, this Agreement shall not be construed as if prepared by one of the Parties, but rather according to its fair meaning as a whole, as if both Parties had prepared it.

11.9 Action or Approval. Whenever action and/or approval by City is required under this Agreement, the City Manager or his or her designee may act on and/or approve such matter unless specifically provided otherwise, or unless the City Manager determines in his or her discretion that such action or approval requires referral to the City Council for consideration.

11.10 Entire Agreement. This Agreement, including Exhibits A through I attached hereto and incorporated herein by this reference, together with the other City Documents contains the entire agreement between the Parties with respect to the subject matter hereof, and supersedes all prior written or oral agreements, understandings, representations or statements between the Parties with respect to the subject matter hereof.

11.11 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be an original and all of which taken together shall constitute one instrument. The signature page of any counterpart may be detached therefrom without impairing the legal effect of the signature(s) thereon provided such signature page is attached to any other counterpart identical thereto having additional signature pages executed by the other Party. Any executed counterpart of this Agreement may be delivered

EXHIBIT L

to the other Party by facsimile and shall be deemed as binding as if an originally signed counterpart was delivered.

11.12 Severability. If any term, provision, or condition of this Agreement is held by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Agreement shall continue in full force and effect unless an essential purpose of this Agreement is defeated by such invalidity or unenforceability.

11.13 No Third Party Beneficiaries. Nothing contained in this Agreement is intended to or shall be deemed to confer upon any person, other than the Parties and their respective successors and assigns, any rights or remedies hereunder.

11.14 Parties Not Co-Venturers. Nothing in this Agreement is intended to or shall establish the Parties as partners, co-venturers, or principal and agent with one another.

11.15 Non-Liability of Officials, Employees and Agents. No officer, official, employee or agent of City shall be personally liable to Developer or its successors in interest in the event of any default or breach by City or for any amount which may become due to Developer or its successors in interest pursuant to this Agreement.

11.16 Time of the Essence; Calculation of Time Periods. Time is of the essence for each condition, term, obligation and provision of this Agreement. Unless otherwise specified, in computing any period of time described in this Agreement, the day of the act or event after which the designated period of time begins to run is not to be included and the last day of the period so computed is to be included, unless such last day is not a business day, in which event the period shall run until the next business day. The final day of any such period shall be deemed to end at 5:00 p.m., local time at the Property. For purposes of this Agreement, a "business day" means a day that is not a Saturday, Sunday, a federal holiday or a state holiday under the laws of California.

11.17 Governing Law; Venue. This Agreement shall be governed by and construed in accordance with the laws of the State of California without regard to principles of conflicts of laws. Any action to enforce or interpret this Agreement shall be filed in the Superior Court of Sacramento County, California or in the Federal District Court for the Eastern District of California.

11.18 General Indemnification. Developer shall indemnify, defend (with counsel approved by City) and hold harmless Indemnitees from all Claims (including without limitation, reasonable attorneys' fees) arising in connection with any claim, action or proceeding to attack, set aside, void, or annul any approval by the City or any of its agencies, departments, commissions, agents, officers, employees or legislative body concerning the Project or this Agreement. The City will promptly notify Developer of any such claim, action or proceeding, and will cooperate fully in the defense. The City may, within its unlimited discretion, participate in the defense of any such claim, action or proceeding, and if the City chooses to do so, Developer shall reimburse City for reasonable attorneys' fees and expenses incurred.

SIGNATURES ON FOLLOWING PAGE.

EXHIBIT L

IN WITNESS WHEREOF, the Parties have entered into this Agreement effective as of the date first written above.

CITY

THE CITY OF RANCHO CORDOVA,
a California municipal corporation

By: _____

Name: _____

Title: _____

ATTEST:

By: _____

APPROVED AS TO FORM:

By: _____

DEVELOPER

EXHIBIT LExhibit A

LEGAL DESCRIPTION OF PROPERTY
(Attach legal description.)

Exhibit B

FORM OF MEMORANDUM OF LOAN AGREEMENT
(Attach form of Memorandum.)

Exhibit C

FORM OF CERTIFICATE OF COMPLETION
(Attach form of Certificate.)

Exhibit D

FORM OF REGULATORY AGREEMENT
(Attach form of Regulatory Agreement.)

Exhibit E-1

FORM OF ASSIGNMENT AGREEMENT
(Attach form of Assignment Agreement.)

Exhibit E-2

FORM OF ASSIGNMENT OF ARCHITECTURAL AGREEMENTS
(Attach form of Assignment of Architectural Agreements.)

Exhibit E-3

FORM OF ASSIGNMENT OF CONSTRUCTION CONTRACTS
(Attach form of Assignment of Construction Contracts.)

Exhibit FORM OF CITY NOTE
(Attach form of City Note.)

Exhibit G

FORM OF LEASEHOLD DEED OF TRUST
(Attach form of Leasehold Deed of Trust.)

EXHIBIT LExhibit H

FINANCING PLAN
(Attach Financing Plan.)

Exhibit I

OPTION AGREEMENT
(Attach form of Purchase Option and Right of First Refusal Agreement.)

EXHIBIT L**Exhibit A****LEGAL DESCRIPTION OF PROPERTY**

(Attach Legal Description.)

Exhibit B

FORM OF MEMORANDUM OF LOAN AGREEMENT

(Attach form of Memorandum of Loan Agreement.)

EXHIBIT L

Recording Requested by
and when Recorded, return to:

The City of Rancho Cordova
2729 Prospect Park Drive
Rancho Cordova, CA 95670
Attention: City Manager

EXEMPT FROM RECORDING FEES PER
GOVERNMENT CODE §§6103, 27383

(SPACE ABOVE THIS LINE RESERVED FOR RECORDER'S USE)

MEMORANDUM OF LOAN AGREEMENT

This Memorandum of Loan Agreement (this "**Memorandum**") dated as of _____, 2014, is entered into by and between the City of Rancho Cordova, a California municipal corporation ("**City**") and, _____, L.P., a California limited partnership ("**Developer**"). City and Developer are hereinafter collectively referred to as the "**Parties**."

1. The Parties have entered into that certain Loan Agreement dated as of _____, 2014 (the "**Loan Agreement**"), pursuant to which Developer has agreed to develop certain real property (the "**Premises**") located within the City and more particularly described in Exhibit A attached hereto and incorporated herein by this reference.
2. Among other conditions, the Loan Agreement provides that by not later than _____, Developer shall have completed construction of an affordable housing project on the Property (the "**Project**"), as evidenced by the City's issuance of a final certificate of occupancy, in which at least fifty (50) units will be rented to eligible households who qualify as Very Low-Income (as defined in the Regulatory Agreement described below) pursuant to the terms of the Loan Agreement and an Affordable Housing Regulatory Agreement and Declaration of Restrictive Covenants executed by the Parties ("**Regulatory Agreement**") which shall be recorded in Official Records of Sacramento County substantially concurrently herewith.
3. The Loan Agreement further provides that (i) except as permitted by the Loan Agreement, Developer shall not voluntarily or involuntarily make or attempt any total or partial sale, transfer, conveyance, assignment or lease of the whole or any part of Developer's interest in the Premises or the improvements located thereon without the prior written approval of the City; and (ii) any transferee of all or part of the Premises shall be subject to and shall expressly assume all of the covenants, obligations and restrictions of the Loan Agreement which pertain to the portion of the Premises transferred, including without limitation, the provisions of the Regulatory Agreement.
4. The Parties have executed and recorded this instrument to give notice of the Loan Agreement and the respective rights of the Parties thereunder. Copies of the unrecorded Loan Agreement are available at the offices of the City, 2729 Prospect Park Drive, Rancho

EXHIBIT L

Cordova, California 95670, and such document is incorporated by reference in its entirety in this Memorandum. This Memorandum is solely for recording purposes and shall not be construed to alter, modify, amend or supplement the Loan Agreement. In the event of any inconsistency between this Memorandum and the Loan Agreement, the Loan Agreement shall control.

6. This Memorandum shall be interpreted and enforced in accordance with California law without regard to principles of conflict of laws. This Memorandum may be executed in counterparts.

7. The Loan Agreement shall bind and inure to the benefit of the Parties and their respective successors and assigns.

SIGNATURES ON FOLLOWING PAGE.

EXHIBIT L

IN WITNESS WHEREOF, the Parties have executed this Memorandum as of the date first set forth above.

CITY

The City of Rancho Cordova,
a California municipal corporation

By: _____
City Manager

ATTEST:

By: _____
City Clerk

APPROVED AS TO FORM:

By: _____
City Attorney

DEVELOPER

SIGNATURES MUST BE NOTARIZED.

EXHIBIT LExhibit A

PROPERTY

(Attach legal description.)

AGENDA ITEM 8.6

Exhibit C**FORM OF CERTIFICATE OF COMPLETION**

(Attach form of Certificate of Completion.)

Exhibit D

REGULATORY AGREEMENT

(Attach form of Regulatory Agreement.)

Exhibit E-1**ASSIGNMENT OF AGREEMENTS, PLANS, AND SPECIFICATIONS**

(Attach form of Assignment Agreement.)

ASSIGNMENT OF AGREEMENTS, PLANS AND SPECIFICATIONS

FOR VALUE RECEIVED, effective as of _____, 2014 (the "**Effective Date** _____", a California limited partnership ("**Assignor**") hereby assigns to the City of Rancho Cordova, a California municipal corporation ("**City**") and grants to City a security interest in all of its right, title and interest in and to the contracts and agreements listed in Exhibit A attached hereto and incorporated herein by reference and all of the items listed in the following paragraphs (A) and (B) (all of which hereafter shall collectively be referred to as the "**Assigned Documents**"). Other than as expressly stated herein, Assignor makes no express or implied representations or warranties in connection with the Assigned Documents. Capitalized terms used without definition herein shall have the meaning ascribed to such terms in the Loan Agreement (defined below). City and Assignor are referred to herein as the "**Parties**."

- (A) All architectural, design, engineering, consulting and construction contracts, and any and all amendments, modifications, supplements, addenda and general conditions thereto equaling or exceeding Five Thousand Dollars (\$5000) in cost (collectively "**Agreements**"), heretofore or hereafter entered into by Assignor and any architect, engineer, analyst, consultant, contractor or other person or entity ("**Contractor**") in connection with the preparation of plans, specifications, studies, assessments, analyses, drawings or any other similar service related to the Premises, the Project, or the improvements existing or to be installed or constructed on the Premises (the "**Improvements**"); and
- (B) All permits, reports, analyses, studies, plans and specifications, shop drawings, working drawings, amendments, modifications, changes, supplements, general conditions and addenda thereto equaling or exceeding Five Thousand Dollars (\$5000) in cost (collectively "**Reports, Plans and Specifications**") heretofore or hereafter obtained or prepared by or for Assignor or its agents, employees or any Contractor with respect to the Property, the Project or the Improvements.

As used herein, the term "Assigned Documents" shall also include all Agreements, Reports, Plans and Specifications to which beneficial interest or rights of use have been obtained by or assigned to Assignor.

In addition, the Parties agree as follows:

1. This Assignment of Agreements, Plans, and Specifications (this "**Assignment Agreement**") is made pursuant to that certain Loan Agreement executed by and between Assignor and City dated as of _____, 2014 (the "**Loan Agreement**").

2. This Assignment Agreement is made to secure payment to the City of all sums now or hereafter owing under the Note dated as of the date hereof made by Assignor for the benefit of City, and any and all advances, modifications, extensions, renewals and amendments thereof.

3. Assignor hereby irrevocably appoints City as its attorney-in-fact (which agency is coupled with an interest) upon the occurrence of an Event of Developer Default under the Loan Agreement, to demand, receive, and enforce any and all of Assignor's rights with respect to the Assigned Documents, and to perform any and all acts in the name of Assignor or in the name of the City with the same force and effect as if performed by Assignor in the absence of this Assignment Agreement.

4. Assignor agrees to obtain from each Contractor whose contract equals or exceeds Five Thousand Dollars (\$5000) and deliver to City a duly executed Consent substantially in the form attached hereto as Exhibit B.

5. Assignor represents and warrants to City that no previous assignment of its respective rights or interest in or to any of the Assigned Documents has been made. So long as the City holds or retains any interest with respect to the City Loan under the Loan Agreement or the Note, Assignor agrees not to assign, sell, pledge, transfer, mortgage, or hypothecate its respective rights or interest in any of the Assigned Documents without prior written approval of the City; provided however, the City approves the Assignor's assignment of such rights and interests to other Project lenders, if any, approved pursuant to the Financing Plan as it may be updated.

6. This Assignment Agreement shall be binding upon and inure to the benefit of the heirs, legal representatives, assigns, and successors-in-interest of Assignor and the City.

7. Unless an Event of Developer Default (as defined in the Loan Agreement) shall have occurred, Assignor shall be entitled (subject to the provisions of Section 5 above) to enjoy and enforce all of its rights under the Assigned Documents. If such an Event of Developer Default or termination occurs and City gives written notice (an **"Exercise Notice"**) to any Contractor who is a party to any Assigned Document, which Exercise Notice refers to this Assignment Agreement, states that an Event of Developer Default or termination has occurred, and states that City intends to exercise its rights under this Assignment Agreement, then the City shall be entitled thereafter to enjoy and enforce all of the rights of Assignor under such Assigned Document and shall become bound to perform all future obligations of Assignor thereunder, it being understood that in no event shall City be liable for payments or costs relating to any work which any Contractor has performed prior to the date of City's delivery of such Exercise Notice. Unless and until such Exercise Notice is given, City shall not be obliged to perform any of the obligations of Assignor under the Assigned Documents.

8. Assignor represents and warrants that to the best of its knowledge after reasonable inquiry, there are no defaults under any Assigned Document by any party thereto.

9. Assignor further represents and warrants that all sums due and owing to any Contractor to date under any Assigned Document have been duly paid in full, except to the extent deferral of such sums is allowed pursuant to such Assigned Document.

10. As provided in this Section 10, City may assign its rights under this Assignment Agreement, and the Assigned Documents, and the rights and obligations of any assignee of City shall be the same as provided herein as to City and Contractor. City may, in its discretion, ay make any such assignment to a third party, with the consent of Assignor and the Contractor who is a party to such Assigned Documents, provided the consent of Assignor and such Contractor shall not be unreasonably withheld, conditioned or delayed.

11. This Assignment Agreement shall not be deemed to release or affect in any way the obligations of Assignor to any Contractor under the Assigned Documents.

12. Assignor is executing this Assignment Agreement to induce City to enter into and disburse funds pursuant to the Loan Agreement, and Assignor understands that City would not do so but for the execution and delivery of this Assignment Agreement by Assignor.

13. Notices. Except as otherwise specified herein, all notices to be sent pursuant to this Assignment Agreement shall be made in writing, and sent to the parties at their respective addresses specified below (or in the case of Contractor, to the address specified in the Consent attached hereto) or to such other address as a party may designate by written notice delivered to the other parties in accordance with this Section. All such notices shall be sent by:

- (i) personal delivery, in which case notice is effective upon delivery;
- (ii) certified or registered mail, return receipt requested, in which case notice shall be deemed delivered on receipt if delivery is confirmed by a return receipt;
- (iii) nationally recognized overnight courier, with charges prepaid or charged to the sender's account, in which case notice is effective on delivery if delivery is confirmed by the delivery service;
- (iv) facsimile transmission, in which case notice shall be deemed delivered upon transmittal, provided that (a) a duplicate copy of the notice is promptly delivered by first-class or certified mail or by overnight delivery, or (b) a transmission report is generated reflecting the accurate transmission thereof. Any notice given by facsimile shall be considered to have been received on the

next business day if it is received after 5:00 p.m. recipient's time or on a non-business day.

CITY:

The City of Rancho Cordova
2729 Prospect Park Drive
Rancho Cordova, CA 95670
Attention: City Manager [or designee] and Housing Services
Administrator
Facsimile: (916) 851-8787

ASSIGNOR:

Attn:
Facsimile:

14. Amendments. This Assignment Agreement may be modified only by a written instrument signed by the Parties.

15. Further Assurances; Consents. The Parties shall execute, acknowledge and deliver to the other such other documents and instruments, and take such other actions, as either shall reasonably request as may be necessary to carry out the intent of this Assignment Agreement.

16. Parties Not Co-Venturers. Nothing in this Assignment Agreement is intended to or shall establish the Parties as partners, co-venturers, or principal and agent with one another.

17. Action by the City. Except as may be otherwise specifically provided herein, whenever any approval, notice, direction, consent or request by the City is required or permitted under this Agreement, such action shall be in writing, and such action may be given, made or taken by the City Manager or by any person who shall have been designated by the City Manager, without further approval by the City Council unless the City Manager determines that such matter requires the consent of the City Council.

18. Non-Liability of City and City Officials, Employees and Agents. No member, official, employee or agent of the City shall be personally liable to Assignor, or any successor in interest, in the event of any default or breach by the City, or for any amount of money which may become due to Assignor or its successor or for any obligation of City under this Assignment Agreement.

19. No Third Party Beneficiaries. There shall be no third party beneficiaries to this Assignment Agreement.

20. Headings; Construction. The headings of the sections and paragraphs of this Assignment Agreement have been inserted for convenience only and shall not be used to construe this Assignment Agreement. The language of this Assignment Agreement shall be construed as a whole according to its fair meaning and not strictly for or against any Party. Time is of the essence in the performance of this Assignment Agreement.

21. Governing Law; Venue. This Assignment Agreement shall be construed in accordance with the laws of the State of California without regard to principles of conflicts of law. The Parties consent to the jurisdiction of any federal or state court in the jurisdiction in which the Premises are located (the “**Property Jurisdiction**”). Assignor agrees that any controversy arising under or in relation to this Assignment Agreement, the Note or the Loan Agreement with respect to the Loan shall be litigated exclusively in courts having jurisdiction in the Property Jurisdiction. Assignor irrevocably consents to service, jurisdiction, and venue of such courts for any such litigation and waives any other venue to which it might be entitled by virtue of domicile, habitual residence or otherwise.

22. Attorneys' Fees. If any claim, at law or otherwise is made by either Party, the prevailing party or the non-defaulting party, as the case may be, shall be entitled to its costs and reasonable attorneys' fees.

23. Severability. If any term of this Assignment Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions shall continue in full force and effect unless the rights and obligations of the Parties are materially altered or abridged by such invalidation, voiding or unenforceability.

24. Counterparts. This Assignment Agreement may be executed in multiple counterparts, each of which shall be an original and all of which together shall constitute one agreement.

SIGNATURES ON FOLLOWING PAGE.

IN WITNESS WHEREOF, Assignor and City have duly executed this Assignment Agreement effective as of the date first above written.

CITY:

THE CITY OF RANCHO CORDOVA,
a public body, corporate and politic

By: _____

Name: _____

Title: _____

ATTEST:

By: _____, City Clerk

APPROVED AS TO FORM:

By: _____, City Attorney

ASSIGNOR:

By:

By: _____
Its: _____

By:

Exhibit A to Assignment Agreement

CONTRACTS AND AGREEMENTS

(Attach List.)

Exhibit B To Assignment Agreement

CONSENT

This Consent ("**Consent**") is executed effective as of _____, 20__, pursuant to that certain Assignment of Agreements, Plans and Specifications ("**Assignment Agreement**") executed by and between., a California limited partnership ("**Assignor**") and the City of Rancho Cordova, a California municipal corporation ("**City**"), dated as of _____, 2014. Unless otherwise defined herein, capitalized terms used in this Consent shall have the meanings given them in the Assignment Agreement.

The undersigned consultant, architect, engineer, and/or contractor ("**Contractor**") hereby consents to the Assignment Agreement and the assignments contemplated thereby, and hereby waives all provisions in the Assigned Documents to which Contractor is a party which would impair, hinder or prevent the making of any such assignment by Assignor to City or the enforcement thereof by City.

Contractor agrees that if at any time, the City shall, pursuant to its rights under the Assignment Agreement, deliver an Exercise Notice to Contractor, then provided that Contractor has received, receives or continues to receive the compensation called for under the Assigned Documents to which Contractor is a party, the City may, at its option, use and rely upon the Reports, Plans and Specifications for the purposes for which they were prepared, and Contractor will continue to perform its obligations under the Assigned Documents to which Contractor is a party for the benefit and account of the City in the same manner as if performed for the benefit or account of Assignor in the absence of the Assignment Agreement. Contractor agrees that it shall rely conclusively upon any Exercise Notice given to Contractor by City, and Contractor agrees to be bound by such Exercise Notice.

By its execution of this Consent, Contractor agrees to look solely to Assignor and its successors in interest for performance of Assignor's obligations under the Assigned Documents to which Contractor is a party unless and until Contractor shall have received an Exercise Notice from City.

Contractor agrees that, notwithstanding anything hereinabove contained or contained in the Assigned Documents to the contrary, provided that Contractor has received, receives or continues to receive the compensation called for under the Assigned Documents to which Contractor is a party, City will have the right to receive and to use (without cost to City) any and all Reports, Plans and Specifications relating to the Property, the Project or the Improvements, as the same may be amended or modified from time to time, which Contractor may own or have the right to use and to grant others the right to use. Contractor further agrees that, upon the written request of City (whether or not any Event of Developer Default has occurred), it will execute and deliver a certification confirming City's rights with respect to such Reports, Plans, and Specifications as City from time to time may reasonably request.

Contractor agrees that for so long as the Assignment Agreement is effective, if Assignor defaults in making any required payment or in performing any other obligation under any Assigned Document to which Contractor is a party, Contractor shall give prompt written notice thereof to City. Unless and until such notice is given to City, and for a period of fifteen (15) business days thereafter, Contractor shall not exercise any of its rights or remedies against Assignor under the Assigned Documents (including, without limitation, the right to terminate any

Assigned Document or to stop work thereunder). After such notice is given and for a period of fifteen (150 business days thereafter, City may, at its option, cure (but shall have no obligation to cure) any such default by Assignor and, if such default is so cured during such notice period, Contractor shall continue performance under the Assigned Documents to which such Contractor is a party.

Contractor represents and warrants that (i) the Assigned Documents to which Contractor is a party are in full force and effect, and to Contractor's knowledge there are no defaults thereunder by any party thereto; (ii) Contractor has made no assignment of any Assigned Document to which Contractor is a party or of its rights thereunder (other than to City); and (iii) there presently exists no unpaid claims presently due to Contractor, except as disclosed in writing to the City, arising in connection with the performance of Contractor's obligations under the Assigned Documents to which Contractor is a party. Contractor agrees that for so long as the Assignment Agreement is effective, absent the prior written consent of City, Contractor shall not assign its rights or interest in any of the Assigned Documents to any entity other than a lender whose loan is secured by the Property, the Project or the Improvements with the prior written approval of the City; provided however, the City approves of any assignment to the Project lenders approved pursuant to the Financing Plan as it may be updated.

IN WITNESS WHEREOF, Contractor has duly executed this Consent as of the date first written above.

CONTRACTOR

Name: _____

By: _____

Its: _____

Contractor's Address:

Telephone: _____

Facsimile: _____

Exhibit E-2**ASSIGNMENT OF ARCHITECTURAL AGREEMENTS AND PLANS AND SPECIFICATIONS**

(Attach form of Assignment Agreement.)

ASSIGNMENT OF ARCHITECTURAL AGREEMENTS AND PLANS AND SPECIFICATIONS

THIS ASSIGNMENT OF ARCHITECTURAL AGREEMENTS AND PLANS AND SPECIFICATIONS (this "**Assignment**") is executed as of _____, 2014, by ("**Borrower**"), in favor of the City of Rancho Cordova, municipal corporation, and its successors and assigns ("**Lender**").

RECITALS:

A. Pursuant to that certain Loan Agreement (the "**Loan Agreement**") dated as of even date herewith and executed by and between Lender and Borrower, Lender has agreed to make a predevelopment/**construction loan to convert to a permanent** loan in the principal amount of **\$2,000,000** (collectively, the "**Loan**") to Borrower. The Loan is evidenced by a promissory note (the "**Note**") executed by Borrower in favor of Lender in the aggregate principal amount of the applicable Loan. The Note is secured by, among other things, a Leasehold Deed of Trust Assignment of Rents, Security Agreement and Fixture Filing (the "**Deed of Trust**"), executed by Borrower, as Trustor, for the benefit of Lender, as Beneficiary, encumbering the real property and any and all improvements thereon described on Exhibit A attached hereto and incorporated herein by this reference ("**Property**").

B. In order to induce Lender to make the Loans, Borrower has agreed to execute this Assignment in order to assign to Lender all of its right, title and interest in and under the Architectural Agreements (as defined below).

C. Capitalized terms used and not defined herein have the meanings given in the Loan Agreement.

AGREEMENT:

FOR VALUE RECEIVED, Borrower hereby assigns to Lender all of its right, title and interest in and to:

1. All architectural, design, engineering and development agreements, and any and all amendments, modifications, supplements, addenda and general conditions thereto (collectively, "**Architectural Agreements**"); and

2. All plans and specifications, shop drawings, working drawings, amendments, modifications, changes, supplements, general conditions and addenda thereto (collectively "**Plans and Specifications**"), heretofore or hereafter entered into or prepared by any architect, engineer or other person or entity (collectively "**Architect**"), for or on behalf of Borrower in connection with the construction of the Project (as defined in the Loan Agreement) on the Property. The Plans and Specifications include, but are not limited to, that certain Standard Form of Agreement Between Owner and Architect with Standard Form of Architect's Services, dated as of _____, . 2014, between Borrower and _____, a _____ corporation, as may be amended from time to time. The Plans and Specifications, as of the date hereof, are those which Borrower has heretofore, or will hereafter deliver to Lender.

This Assignment constitutes a present and absolute assignment to Lender as of the Effective Date; provided, however, Lender confers upon Borrower the right to enforce the terms of the Architectural Agreements and Borrower's rights to the Plans and Specifications so long as no Default or event which would constitute a Default after notice or the passage of time, or both, has occurred and is continuing under any of the City Loan Documents (as defined in the applicable Deed of Trust). Upon the occurrence of a Default or event which would constitute a Default after notice or the passage of time, or both, under any of the City Loan Documents, Lender may, in its sole discretion, give notice to Architect of its intent to enforce the rights of Borrower under the Architectural Agreements and of its rights to the Plans and Specifications and may initiate or participate in any legal proceedings respecting the

enforcement of said rights. Borrower acknowledges that by accepting this Assignment, Lender does not assume any of Borrower's obligations under the Architectural Agreements or with respect to the Plans and Specifications.

Borrower represents and warrants to Lender, as of the Effective Date, that: (a) all Architectural Agreements entered into by Borrower are in full force and effect and are enforceable in accordance with their terms and no default, or event which would constitute a default after notice or the passage of time, or both, exists with respect to said Architectural Agreements; (b) all copies of the Architectural Agreements and Plans and Specifications delivered to Lender are complete and correct; and (c) Borrower has not assigned any of its rights under the Architectural Agreements or with respect to the Plans and Specifications.

Borrower agrees: (a) to pay and perform all obligations of Borrower under the Architectural Agreements; (b) to enforce the payment and performance of all obligations of any other person or entity under the Architectural Agreements; (c) not to modify the existing Architectural Agreements nor to enter into any future Architectural Agreements without Lender's prior written approval except as otherwise may be permitted in the City Loan Documents; and (d) not to further assign, for security or any other purposes, its rights under the Architectural Agreements or with respect to the Plans and Specifications without Lender's prior written consent.

This Assignment is one of the City Loan Documents and secures payment and performance by Borrower of all obligations of Borrower under the City Loan Documents. This Assignment is supplemented by those provisions of the City Loan Agreement which apply to the Loan Documents and said provisions are incorporated herein by reference. This Assignment is part of and further defines the assignment of contract rights set forth in the "Security Agreement" provisions of the Deed of Trust.

This Assignment shall be governed by the laws of the State of California, except to the extent that federal laws preempt the laws of the State of California, and Borrower consents to the jurisdiction of any federal or state court within the State of California having proper venue for the filing and maintenance of any action arising hereunder and agrees that the prevailing party in any such action shall be entitled, in addition to any other recovery, to reasonable attorneys' fees and costs.

This Assignment shall be binding upon and inure to the benefit of the heirs, legal representatives, assigns, and successors-in-interest of Borrower and Lender; provided, however, this shall not be construed and is not intended to waive any restrictions on assignment, sale, transfer, mortgage, pledge, hypothecation or encumbrance by Borrower contained in any of the City Loan Documents.

The attached Exhibit A and all attached Architect's/Engineer's Consents and any Schedule 1 attached thereto are incorporated by reference.

[Remainder of Page is Intentionally Left Blank.
Signature(s) on Following Page.]

above written. IN WITNESS WHEREOF, this Assignment has been duly executed as of the date first

"BORROWER"

EXHIBIT A**PROPERTY**

REAL PROPERTY IN THE COUNTY OF SACRAMENTO, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

ARCHITECT'S/ENGINEER'S CONSENT

The undersigned architect and/or engineer (collectively referred to as "**Architect**") hereby consents, as of _____, 2014, to the foregoing Assignment to which this Architect's/Engineer's Consent ("**Consent**") is a part, and acknowledges that there presently exists no unpaid claim due to the Architect, except as set forth on Schedule 1 attached hereto, arising out of the preparation and delivery of the Plans and Specifications to Borrower and/or the performance of the Architect's obligations under the Architectural Agreements described in the Assignment.

Architect agrees that if, at any time, Lender shall become the owner of said Property, or, pursuant to its rights under the City Loan Documents, elects to undertake or cause the completion of construction of the Project on any portion of the Property, in accordance with the Plans and Specifications, and gives Architect written notice of such election; THEN, so long as Architect has received, receives or continues to receive the compensation called for under the Architectural Agreements, Lender may, at its option, use and rely on the Plans and Specifications for the purposes for which they were prepared, and Architect will continue to perform its obligations under the Architectural Agreements for the benefit and account of Lender in the same manner as if performed for the benefit or account of Borrower in the absence of the Assignment.

Architect further agrees that, in the event of a breach by Borrower of the Architectural Agreements, or any agreement entered into with Architect in connection with the Plans and Specifications, so long as Borrower's interest in the Architectural Agreements and Plans and Specifications is assigned to Lender, Architect will give written notice to Lender, at The City of Rancho Cordova, 2729 Prospect Park Drive, Rancho Cordova, California 95670, Attention: City Manager, of such breach. Lender shall have thirty (30) days from the receipt of such written notice of default to remedy or cure said default provided, if such default is of a nature that it cannot be cured within thirty (30) days, Lender shall have thirty (30) days within which to commence the cure and shall thereafter have such reasonable period of time to complete such cure as is necessary. Nothing herein shall require Lender to cure said default or to undertake completion of construction of the Project.

Architect warrants and represents that it/he has no knowledge of any prior assignment(s) of any interest in either the Plans and Specifications and/or the Architectural Agreements. Except as otherwise defined herein, the terms used herein shall have the meanings given them in the Assignment.

[Remainder of Page is Intentionally Left Blank.
Signature on Following Page.]

"ARCHITECT"

a California corporation

By: _____

Name: _____

Title: _____

Architect's Address:

SCHEDULE 1**SCHEDULE OF UNPAID CLAIMS**

Schedule 1 to Architect's/Engineer's Consent by _____, a California corporation, in connection with that certain Assignment of Architectural Agreements and Plans and Specifications dated as of _____, 2014__ between _____, a California limited partnership as Borrower and the City of Rancho Cordova, municipal corporation, and its successors and assigns as Lender.

[If none, state "none"]

Exhibit E-3

Assignment of Construction Contracts

(Attach form of Assignment Agreement.)

ASSIGNMENT OF CONSTRUCTION CONTRACTS

THIS ASSIGNMENT OF CONSTRUCTION CONTRACTS (this "**Assignment**") is executed as of _____, 2014__, by , a California limited partnership ("**Borrower**"), in favor of the City of Rancho Cordova, a municipal corporation, and its successors and assigns ("**Lender**").

RECITALS:

- A. Pursuant to that certain Loan Agreement (the "**Loan Agreement**") dated as of even date herewith and executed by and between Lender and Borrower, Lender has agreed to make a predevelopment/construction to convert to a permanent loan in the principal amount of \$2,000,000 (the "**Loan**") to Borrower. The Loan is evidenced by a promissory note (the "**Note**") executed by Borrower in favor of Lender in the aggregate principal amount of the Loan. The Note is secured by, among other things, a Deed of Trust Assignment of Rents, Security Agreement and Fixture Filing (the "**Deed of Trust**"), executed by Borrower, as Trustor, for the benefit of Lender, as Beneficiary, encumbering the real property and any and all improvements thereon described on Exhibit A attached hereto and incorporated herein by this reference ("**Property**").
- B. In order to induce Lender into making the Loan, Borrower has agreed to execute this Assignment in order to assign to Lender all of its right, title and interest in and under the Construction Agreements (as defined below).
- C. Capitalized terms used and not defined herein have the meanings given in the Loan Agreement.

AGREEMENT:

FOR VALUE RECEIVED, Borrower hereby assigns to Lender all of its rights under all existing and future agreements and contracts, as amended, between Borrower and any other person or entity (collectively, "**Construction Agreements**") relating to the construction of the Project (defined in the Loan Agreement) on the Property. The Construction Agreements include, but are not limited to, that certain construction contract dated as of _____, 2014__, by and between Borrower and _____, as amended from time to time.

This Assignment constitutes a present and absolute assignment to Lender as of the Effective Date; provided, however, Lender confers on Borrower the right to enforce the terms of the Construction Agreements so long as no Default or event which would constitute a Default after notice or the passage of time, or both, has occurred and is continuing under any of the City Loan Documents. Upon the occurrence of a Default or event which would constitute a Default after notice or the passage of time, or both, under any of the City Loan Documents (as defined in the applicable Deed of Trust), Lender may, in its sole discretion, give notice to Contractor of its intent to enforce the rights of Borrower under the Construction Agreements and may initiate or participate in any legal proceedings respecting the enforcement of said rights. Borrower acknowledges that by accepting this Assignment, Lender does not assume any of Borrower's obligations under the Construction Agreements.

Borrower represents and warrants to Lender, as of the Effective Date, that (a) all Construction Agreements entered into by Borrower are in full force and effect and are enforceable in accordance with their terms and no default, or event which would constitute a default after notice or the passage of time, or both, exists with respect to said Construction Agreements, (b) all copies of the Construction Agreements delivered to Lender are complete and correct and (c) Borrower has not assigned any of its rights under

the Construction Agreements. Borrower shall deliver to Lender a true, complete and correct copy of all Construction Agreements entered into after the date hereof, promptly upon execution thereof.

Borrower agrees (a) to pay and perform all obligations of Borrower under the Construction Agreements, (b) to enforce the payment and performance of all obligations of any other person or entity under the Construction Agreements, (c) not to modify the existing Construction Agreements nor to enter into any future Construction Agreements without Lender's prior written approval except as otherwise may be permitted in the City Loan Documents and (d) not to further assign, for security or any other purposes, its rights under the Construction Agreements without Lender's prior written consent.

This Assignment is one of the City Loan Documents and secures payment and performance by Borrower of all obligations of Borrower under the City Loan Documents. This Assignment is supplemented by those provisions of the Loan Agreement which apply to the City Loan Documents and said provisions are incorporated herein by reference. This Assignment is part of and further defines the assignment of contract rights set forth in the "Security Agreement" provisions of the Deed of Trust.

This Assignment shall be governed by the laws of the State of California, except to the extent that federal laws preempt the laws of the State of California, and Borrower consents to the jurisdiction of any federal or state court within the State of California having proper venue for the filing and maintenance of any action arising hereunder and agrees that the prevailing party in any such action shall be entitled to, in addition to any other recovery, reasonable attorneys' fees and costs.

This Assignment shall be binding upon and inure to the benefit of the heirs, legal representatives, assigns and successors-in-interest of Borrower and Lender; provided, however, that this paragraph shall not be construed and is not intended to waive any restrictions on assignment, sale, transfer, mortgage, pledge, hypothecation or encumbrance by Borrower contained in any of the City Loan Documents.

The attached Contractor's Consents and Exhibit A are incorporated by reference.

[Remainder of Page is Intentionally Left Blank.
Signature(s) on Following Page.]

IN WITNESS WHEREOF, this Assignment has been duly executed as of the date first written above.

BORROWER:

EXHIBIT A**PROPERTY**

REAL PROPERTY IN THE COUNTY OF SACRAMENTO, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

CONTRACTOR'S CONSENT

The undersigned ("Contractor") hereby consents, as of _____, 2014__, to the foregoing Assignment of Construction Agreements ("Assignment"), of which this Contractor's Consent ("Consent") is a part.

Contractor agrees that if, at any time, Lender shall become the owner of the Property, or, pursuant to its rights under the City Loan Documents, elects to undertake or cause the completion of construction of the Project on any portion of the Property, and gives Contractor written notice of such election; THEN, so long as the Contractor has received, receives or continues to receive the compensation called for under the Construction Agreements, Contractor shall continue to perform its obligations under the Construction Agreements in accordance with the terms thereof.

Contractor further agrees that, in the event of a breach by Borrower of the Construction Agreements, so long as Borrower's interest in the Construction Agreements is assigned to Lender, Contractor will give written notice to Lender, at The City of Rancho Cordova, 2729 Prospect Park Drive, Rancho Cordova, California 95670, Attention: City Manager, of such breach. Lender shall have thirty (30) days from the receipt of such written notice of default to remedy or cure said default, provided, if such default is of a nature that it cannot be cured within thirty (30) days, Lender shall have thirty (30) days within which to commence the cure and shall thereafter have such reasonable period of time to complete such cure as is necessary. Nothing herein shall require Lender to cure said default or to undertake completion of construction of the Project.

Contractor further agrees that, except with the prior written approval of Lender, Contractor shall not perform any construction work on the Property pursuant to any change in the Plans and Specifications as defined in the Construction Agreements where such change: (a) would constitute a material change in the building material or equipment specifications, the architectural or structural design, value, architecture or quality of any of the improvements as defined in the Construction Agreements; or (b) would result in an increase in any item of construction cost in excess of \$_____ for any single change or in excess of \$_____ for all such changes in such items of construction cost; or (c) would affect the structural integrity, quality of building material or equipment or overall efficiency of operating systems or utility systems of the improvements. The liens of the Deed of Trust and the Security Agreement therein shall have priority over any claim of lien of Contractor arising out of or in any way connected with any construction work performed by Contractor on the Property pursuant to any change in the Plans and Specifications not approved by Lender where Lender's approval is required under this Consent. Lender may periodically inspect and copy, at reasonable times, the books, records and accounting data of Contractor relating to the construction of the Project.

Finally, Contractor shall hold in trust all money disbursed to or otherwise received by Contractor from or on account of Borrower in connection with the construction of the Project and shall use such money solely for the payment of costs incurred in the construction of the Project, including Contractor's fees, and for no other purpose, until all bills, claims and demands for such costs have been paid in full.

Contractor warrants and represents it/he has no knowledge of any prior assignment(s) of any interest in the Construction Agreements. Except as otherwise defined herein, the terms used herein shall have the meanings given them in the Assignment.

CONTRACTOR

By: _____

Contractor's address: _____

Exhibit F

CITY LOAN PROMISSORY NOTE

(Attach form of City Loan Promissory Note.)

SECURED PROMISSORY NOTE
(City Loan – LHTF Grant Funds)

\$ \$2,000,000

Rancho Cordova,
California
_____, 2014

FOR VALUE RECEIVED, _____, a California limited partnership (“Borrower”), promises to pay to the City of Rancho Cordova, a California municipal corporation (“City”), in lawful money of the United States of America, the principal sum of Two Million Dollars (\$2,000,000) or so much thereof as may be advanced by City pursuant to the Loan Agreement referred to below, together with interest on the outstanding principal balance in accordance with the terms and conditions described herein. Interest shall accrue on the outstanding principal balance of this Note at a rate equal to zero percent (0%) simple interest per annum, commencing upon the date of disbursement thereof. Interest shall be calculated on the basis of a year of 365 days, and charged for the actual number of days elapsed. This Secured Promissory Note (this “Note”) has been executed and delivered pursuant to and in accordance with the Loan Agreement, dated as of the date hereof and executed by and between Borrower and City (the “Loan Agreement”), and is subject to the terms and conditions of the Loan Agreement, which is by this reference incorporated herein and made a part hereof. Capitalized terms used but not defined herein shall have the meaning ascribed to such terms in the Loan Agreement.

This Note is secured by a Leasehold Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing (“Deed of Trust”) dated as of the date hereof, executed by Borrower for the benefit of City and encumbering the property described therein. City shall be entitled to the benefits of the security provided by the Deed of Trust and shall have the right to enforce the covenants and agreements contained herein, in the Deed of Trust, the Loan Agreement, the Regulatory Agreement and the other City Loan Documents. The Regulatory Agreement shall remain effective for the full term thereof and shall survive the repayment of this Note.

1. PAYMENTS.

1.1 PAYMENT DATES; MATURITY DATE. No periodic payments are anticipated on this Note. In no event shall any amount due under this Note become subject to any rights, of offset, deduction or counterclaim on the part of Borrower. The entire outstanding principal balance of this Note, together with interest accrued thereon (if any) and any other sums accrued hereunder shall be payable in full on the date (the “Maturity Date”) which is the earlier of (i) the fifty-fifth (55th) anniversary of the date upon which the City issues a final certificate of occupancy for the Project, or (i) the fifty-seventh (57th) anniversary of the date hereof.

1.4 DUE ON SALE. The entire unpaid principal balance and all interest and other sums accrued hereunder shall be due and payable upon the Transfer (as defined in Section 6.2 of the Loan Agreement) absent City consent, of all or any part of the Project or the Property or any interest therein other than a Transfer permitted without City consent pursuant to the Loan Agreement. Without limiting the generality of the foregoing, this Note shall not be assumable without City's prior written consent, which consent may be granted or denied in City's sole discretion.

1.5 PREPAYMENT. Borrower may, without premium or penalty, at any time and from time to time, prepay all or any portion of the outstanding principal balance due under this Note, provided that each such prepayment is accompanied by accrued interest on the amount of principal prepaid calculated to the date of such prepayment. Prepayments shall be applied first to any unpaid late charges and other costs and fees then due, then to accrued but unpaid interest, and then to principal. The Regulatory Agreement shall remain in full force for the entire term thereof regardless of any prepayment of this Note.

1.6 MANNER OF PAYMENT. All payments of principal and interest on this Note shall be made to City at 2729 Prospect Park Drive, Rancho Cordova, California 95670 or such other place as City shall designate to Borrower in writing, or by wire transfer of immediately available funds to an account designated by City in writing.

2. DEFAULTS AND REMEDIES.

2.1 EVENTS OF DEFAULT. The occurrence of any one or more of the following events shall constitute an event of default hereunder ("Event of Default"):

(a) Borrower fails to pay when due the principal and interest payable hereunder and such failure continues for ten (10) days after City notifies Borrower thereof in writing.

(b) Borrower fails to use Loan Proceeds in accordance with Borrower's request for disbursement of Loan Proceeds.

(c) Pursuant to or within the meaning of the United States Bankruptcy Code or any other federal or state law relating to insolvency or relief of debtors ("Bankruptcy Law"), Borrower or any general partner thereof (i) commences a voluntary case or proceeding; (ii) consents to the entry of an order for relief against Borrower or any general partner thereof in an involuntary case; (iii) consents to the appointment of a trustee, receiver, assignee, liquidator or similar official for Borrower or any general partner thereof; (iv) makes an assignment for the benefit of its creditors; or (v) admits in writing its inability to pay its debts as they become due.

(d) A court of competent jurisdiction enters an order or decree under any Bankruptcy Law that (i) is for relief against Borrower or any general partner thereof in an

involuntary case, (ii) appoints a trustee, receiver, assignee, liquidator or similar official for Borrower or any general partner thereof or substantially all of such entity's assets, (iii) orders the liquidation of Borrower or any general partner thereof, or (iv) issues or levies a judgment, writ, warrant of attachment or similar process against the Property or the Project, and in each case the order or decree is not released, vacated, dismissed or fully bonded within sixty (60) days after its issuance.

(e) The occurrence of a Transfer in violation of Article VI of the Loan Agreement.

(f) A default arises under any debt instrument secured by a mortgage or deed of trust on the Project or the Property and remains uncured beyond any applicable cure period such that the holder of such instrument has the right to accelerate payment thereunder.

(g) Borrower fails to maintain insurance on the Property and the Project as required pursuant to the City Documents and Borrower fails to cure such default within ten (10) days.

(h) Subject to Borrower's right to contest the following charges pursuant to the City Documents, if Borrower fails to pay taxes or assessments due on the Property or the Project or fails to pay any other charge that may result in a lien on the Property or the Project, and Borrower fails to cure such default within thirty (30) days, but in all events before the imposition of any such tax or other lien.

(i) If any representation or warranty contained in any City Document, or any certificate furnished in connection therewith, or in connection with any request for disbursement of the proceeds of the Loan proves to have been false or misleading in any material adverse respect when made and continues to be materially adverse to the City.

(j) An Event of Default shall have been declared under the Loan Agreement, the Regulatory Agreement or any other City Document and remains uncured beyond the expiration of the applicable cure period.

2.2 REMEDIES. Upon the occurrence of an Event of Default hereunder, City may, at its option (i) by written notice to Borrower, declare the entire unpaid principal balance of this Note, together with all accrued interest thereon and all sums due hereunder, immediately due and payable regardless of any prior forbearance, (ii) exercise any and all rights and remedies available to it under applicable law, and (iii) exercise any and all rights and remedies available to City under this Note and the other City Loan Documents, including without limitation the right to pursue foreclosure under the Deed of Trust. Borrower shall pay all reasonable costs and expenses incurred by or on behalf of City including, without limitation, reasonable attorneys' fees, incurred in connection with City's enforcement of this Note and the exercise of any or all of its rights and remedies hereunder and all such sums shall be a part of the indebtedness secured

by the Deed of Trust. The rights and remedies of City under this Note shall be cumulative and not alternative.

2.3 DEFAULT RATE. Upon the occurrence of an Event of Default, interest shall automatically be increased without notice to the rate of the lesser of ten percent (10%) per annum or the maximum rate permitted by law (the "Default Rate"); provided however, if any payment due hereunder is not paid when due, the Default Rate shall apply commencing upon the due date for such payment. When Borrower is no longer in default, the Default Rate shall no longer apply, and the interest rate shall once again be the rate specified in the first paragraph of this Note. Notwithstanding the foregoing provisions, if the interest rate charged exceeds the maximum legal rate of interest, the rate shall be the maximum rate permitted by law. The imposition or acceptance of the Default Rate shall in no event constitute a waiver of a default under this Note or prevent City from exercising any of its other rights or remedies.

2.4 LIMITED PARTNERS RIGHT TO CURE. Borrower's limited partners shall have the right to cure any default of Borrower hereunder upon the same terms and conditions afforded to Borrower. The City shall provide any notice of default hereunder to the limited partners concurrently with the provision of such notice to Borrower at the following address (or such alternate address as the limited partners may designate from time to time in a written notice to the City);

As to the limited partners, the cure periods specified herein shall commence upon the date of delivery of such notice in accordance with Section 9.8 of the Loan Agreement.

3. MISCELLANEOUS.

3.1 WAIVERS; AMENDMENTS; BORROWER'S WAIVERS. No waiver by City of any right or remedy under this Note shall be effective unless in a writing signed by City. Neither the failure nor any delay in exercising any right, power or privilege under this Note will operate as a waiver of such right, power or privilege, and no single or partial exercise of any such right, power or privilege by City will preclude any other or further exercise of such right, power or privilege or the exercise of any other right, power or privilege. No waiver that may be given by City will be applicable except in the specific instance for which it is given. No notice to or demand on Borrower will be deemed to be a waiver of any obligation of Borrower or of the right of City to take further action without notice or demand as provided in this Note. There shall be no amendment to or modification of this Note except by written instrument executed by Borrower and City.

To the maximum extent permitted by applicable law Borrower hereby waives presentment, demand, protest, notices of dishonor and of protest and all defenses and pleas on the grounds of any extension or extensions of the time of payment or of any due date under this Note, in whole or in part, whether before or after maturity and with or without notice.

3.2 NOTICES. Any notice required or permitted to be given hereunder shall be given in accordance with Section 11.3 of the Loan Agreement.

3.3 SEVERABILITY. If any provision in this Note is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Note will remain in full force and effect. Any provision of this Note held invalid or unenforceable only in part or degree will remain in full force and effect to the extent not held invalid or unenforceable.

3.4 GOVERNING LAW; VENUE. This Note shall be governed by the laws of the State of California without regard to principles of conflicts of laws. Any legal action filed in connection with this Note shall be filed in the Superior Court of Sacramento County, California, or in the Federal District Court for the Eastern District of California.

3.5 PARTIES IN INTEREST. This Note shall bind Borrower and its successors and assigns and shall accrue to the benefit of City and its successors and assigns.

3.6 SECTION HEADINGS, CONSTRUCTION. The headings of Sections in this Note are provided for convenience only and will not affect its construction or interpretation.

3.7 RELATIONSHIP OF THE PARTIES. The relationship of Borrower and City under this Note is solely that of borrower and lender, and the loan evidenced by this Note and secured by the Deed of Trust will in no manner make City the partner or joint venturer of Borrower.

3.8 TIME IS OF THE ESSENCE. Time is of the essence with respect to every provision of this Note.

3.9 NONRECOURSE. Except as expressly provided in this Section 3.9, neither Borrower nor its partners shall have personal liability for payment of the principal of, or interest on, this Note, and the sole recourse of City with respect to the payment of the principal of, and interest on, this Note shall be to the Project, the Property and any other collateral held by City as security for this Note; provided however, nothing contained in the foregoing limitation of liability shall:

(A) impair the enforcement against all such security for the Loan of all the rights and remedies of the City under the Deed of Trust and any financing statements City files in connection with the Loan as each of the foregoing may be amended, modified, or restated from time to time;

(B) impair the right of City to bring a foreclosure action, action for specific performance or other appropriate action or proceeding to enable City to enforce and realize upon the Deed of Trust, the interest in the Project and the Property created thereby and any other collateral given to City in connection with the indebtedness evidenced hereby and to name the Borrower as party defendant in any such action;

(C) be deemed in any way to impair the right of the City to assert the unpaid principal amount of the Loan as a demand for money within the meaning of Section 431.70 of the California Code of Civil Procedure or any successor provision thereto;

(D) constitute a waiver of any right which City may have under any bankruptcy law to file a claim for the full amount of the indebtedness owed to City hereunder or to require that the Project and the Property shall continue to secure all of the indebtedness owed to City hereunder in accordance with this Note and the Deed of Trust; or

(E) limit or restrict the ability of City to seek or obtain a judgment against Borrower to enforce against Borrower and its general partners to:

(1) recover under those sections of the Loan Agreement that pertain to Borrower's indemnification obligations), or

(2) recover from Borrower and its general partners compensatory damages as well as other costs and expenses incurred by City (including without limitation attorney's fees and expenses) arising as a result of the occurrence of any of the following:

(a) any fraud or material misrepresentation on the part of the Borrower, any general partner thereof, or any officer, director or authorized representative of Borrower or any general partner thereof in connection with the request for or creation of the Loan, or in any City Document, or in connection with any request for any action or consent by City in connection with the Loan;

(b) any failure to maintain insurance on the Property and the Project as required pursuant to the City Documents;

(c) failure to pay taxes, assessments or other charges which may become liens on the Property or the Project;

(d) the presence of Hazardous Materials on the Property or other violation of the Borrower's obligations under Article VIII of the Loan Agreement or Section 7.11 of the Deed of Trust (pertaining to environmental matters);

(e) the occurrence of any act or omission of Borrower that results in waste to or of the Project or the Property and which has a material adverse effect on the value of the Project or the Property;

(f) the material misapplication of the Loan proceeds;

(g) the removal or disposal of any personal property or fixtures or the retention of rents, insurance proceeds, or condemnation awards in violation of the Deed of Trust;

(h) the material misapplication of the proceeds of any insurance policy or award resulting from condemnation or the exercise of the power of eminent domain or by reason of damage, loss or destruction to any portion of the Project or the Property; and

(i) the failure of Borrower to pay all amounts payable under this Note in full if Borrower Transfers the Property in violation of the Loan Agreement.

SIGNATURES ON FOLLOWING PAGE.

IN WITNESS WHEREOF, Borrower has executed and delivered this Note as of the date first written above.

BORROWER:

Exhibit G

LEASEHOLD DEED OF TRUST, ASSIGNMENT OF
RENTS, SECURITY AGREEMENT AND FIXTURE FILING

(Attach form of Deed of Trust.)

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

The City of Rancho Cordova
2729 Prospect Park Drive
Rancho Cordova, CA 95670
Attn: City Manager

EXEMPT FROM RECORDING FEES
PER GOVERNMENT CODE §§ 6103,27383

**LEASEHOLD DEED OF TRUST, ASSIGNMENT OF RENTS,
SECURITY AGREEMENT AND FIXTURE FILING**

**CITY OF RANCHO CORDOVA
LOCAL HOUSING TRUST FUND ("LHTF") PROGRAM**

THIS LEASEHOLD DEED OF TRUST, ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FIXTURE FILING ("**Deed of Trust**") is made as of _____, 2014, by L.P., a California limited partnership ("**Trustor**") to _____ Title Company as trustee ("**Trustee**"), for the benefit of the City of Rancho Cordova, a California municipal corporation ("**Beneficiary**").

RECITALS

A. **Trustor owns a eighty-year lease to the land** described in Exhibit A attached hereto and incorporated herein by this reference (the "**Land**"). Trustor intends to construct, own and operate a 50-unit multifamily residential development on the Land (the "**Project**").

B. Beneficiary and Trustor have entered into a Loan Agreement dated as of _____, 2014 (the "**Loan Agreement**") pursuant to which Beneficiary will provide a predevelopment and permanent loan to Trustor in the amount of Two Million Dollars (\$2,000,000) (the "**City Loan**") for the purpose of partially financing the Project. Trustor has issued to Beneficiary a secured promissory note dated as of the date hereof (the "**City Note**") to evidence Trustor's obligation to repay the City Loan. A Memorandum of the Loan Agreement will be recorded in the Official Records of Sacramento County concurrently herewith.

C. As a condition precedent to the making of the City Loan, Beneficiary has required that Trustor enter into this Deed of Trust and grant to Trustee for the benefit of Beneficiary, a lien and security interest in the Project and in Trustor's leasehold interest in the Land and the Property (defined below) to secure repayment of the Note and performance of Trustor's obligations under the Loan Agreement and under the City Loan Documents (defined below).

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is agreed as follows.

1. Grant in Trust. In consideration of the foregoing and for the purpose of securing payment and performance of the Secured Obligations defined and described in Section 2, Trustor hereby irrevocably and unconditionally grants, conveys, transfers and assigns to Trustee, in trust for the benefit of Beneficiary, with power of sale and right of entry and possession, all estate, right, title and interest which Trustor now has or may later acquire in and to the Land, and all of the following, whether presently owned or hereafter acquired:

a. All buildings, structures, and improvements, now or hereafter located or constructed on the Land ("**Improvements**");

b. All appurtenances, easements, rights of way, pipes, transmission lines or wires and other rights used in connection with the Land or the Improvements or as a means of access thereto, whether now or hereafter owned or constructed or placed upon or in the Land or Improvements and all existing and future privileges, rights, franchises and tenements of the Land, including all minerals, oils, gas and other commercially valuable substances which may be in, under or produced from any part of the Land, and all water rights, rights of way, gores or strips of land, and any land lying in the streets, ways, and alleys, open or proposed, in front of or adjoining the Land and Improvements (collectively, "**Appurtenances**");

c. All machinery, equipment, fixtures, goods and other personal property of the Trustor, whether moveable or not, now owned or hereafter acquired by the Trustor and now or hereafter located at or used in connection with the Land, the Improvements or Appurtenances, and all improvements, restorations, replacements, repairs, additions or substitutions thereto (collectively, "**Equipment**");

d. All existing and future leases, subleases, licenses, and other agreements relating to the use or occupancy of all or any portion of the Land or Improvements (collectively, "**Leases**"), all amendments, extensions, renewals or modifications thereof, and all rent, royalties, or other payments which may now or hereafter accrue or otherwise become payable thereunder to or for the benefit of Trustor, including but not limited to security deposits (collectively, "**Rents**");

e. All insurance proceeds and any other proceeds from the Land, Improvements, Appurtenances, Equipment, Leases, and Rents, including without limitation, all deposits made with or other security deposits given to utility companies, all claims or demands relating to insurance awards which the Trustor now has or may hereafter acquire, including all advance payments of insurance premiums made by Trustor, and all condemnation awards or payments now or later made in connection with any condemnation or eminent domain proceeding ("**Proceeds**");

f. All revenues, income, rents, royalties, payments and profits produced by the Land, Improvements, Appurtenances and Equipment, whether now owned or hereafter acquired by Trustor ("**Gross Revenues**");

g. All architectural, structural and mechanical plans, specifications, design documents and studies produced in connection with development of the Land and construction of the Improvements (collectively, "**Plans**"); and

h. All interests and rights in any private or governmental grants, subsidies, loans or other financing provided in connection with development of the Land and construction of the Improvements, excluding any low income housing tax credits awarded to Trustor in connection with the Project and any equity contributed to Trustor by Trustor's limited partners (collectively, "**Financing**").

All of the above-referenced interests of Trustor in the Land, Improvements, Appurtenances, Equipment, Leases, Rents, Proceeds, Gross Revenues, Plans and Financing as hereby conveyed to Trustee or made subject to the security interest herein described are collectively referred to herein as the "**Property**."

2. Obligations Secured. This Deed of Trust is given for the purpose of securing payment and performance of the following (collectively, the "**Secured Obligations**"): (i) all present and future indebtedness evidenced by the City Loan Note and any amendment thereof, including principal, interest and all other amounts payable under the terms of the Note; (ii) all present and future obligations of Trustor to Beneficiary under the City Loan Documents (defined below); (iii) all additional present and future obligations of Trustor to Beneficiary under any other agreement or instrument acknowledged by Trustor (whether existing now or in the future) which states that it is or such obligations are, secured by this Deed of Trust; (iv) all obligations of Trustor to Beneficiary under all modifications, supplements, amendments, renewals, or extensions of any of the foregoing, whether evidenced by new or additional documents; and (v) reimbursement of all amounts advanced by or on behalf of Beneficiary to protect Beneficiary's interests under this Deed of Trust or any other City Loan Document as such may be modified, supplemented, amended, renewed or extended. The City Note, the Loan Agreement, this Deed of Trust, and the Affordable Housing Regulatory Agreement and Declaration of Restrictive Covenants ("**Regulatory Agreement**") dated as of the date hereof, executed by and between Trustor and Beneficiary and recorded substantially concurrently herewith are hereafter collectively referred to as the "**City Loan Documents**."

3. Assignment of Rents, Issues, and Profits. Trustor hereby irrevocably, absolutely, presently and unconditionally assigns to Beneficiary the Rents, royalties, issues, profits, revenue, income and proceeds of the Property. This is an absolute assignment and not an assignment for security only. Beneficiary hereby confers upon Trustor a license to collect and retain such Rents, royalties, issues, profits, revenue, income and proceeds as they become due and payable prior to any Event of Default hereunder. Upon the occurrence and during the continuance of any such Event of Default, Beneficiary may terminate such license without notice to or demand upon Trustor and without regard to

the adequacy of any security for the indebtedness hereby secured, and may either in person, by agent, or by a receiver to be appointed by a court, enter upon and take possession of the Property or any part thereof, and sue for or otherwise collect such rents, issues, and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorneys' fees, to any indebtedness secured hereby, and in such order as Beneficiary may determine. Beneficiary's right to the rents, royalties, issues, profits, revenue, income and proceeds of the Property does not depend upon whether or not Beneficiary takes possession of the Property. The entering upon and taking possession of the Property, the collection of such rents, issues, and profits, and the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice. If an Event of Default occurs while Beneficiary is in possession of all or part of the Property and/or is collecting and applying Rents as permitted under this Deed of Trust, Beneficiary, Trustee and any receiver shall nevertheless be entitled to exercise and invoke every right and remedy afforded any of them under this Deed of Trust and at law or in equity, including the right to exercise the power of sale granted hereunder. Regardless of whether or not Beneficiary, in person or by agent, takes actual possession of the Land or the Improvements, Beneficiary shall not be deemed to be a "mortgagee in possession," shall not be responsible for performing any obligation of Trustor under any Lease, shall not be liable in any manner for the Property, or the use, occupancy, enjoyment or operation of any part of it, and shall not be responsible for any waste committed by Trustor, lessees or any third parties, or for dangerous or defective condition of the Property or any negligence in the management, repair or control of the Property. Absent Beneficiary's written consent, Trustor shall not accept prepayment of Rents for any rental period exceeding one month.

4. Security Agreement. The parties intend for this Deed of Trust to create a lien on the Property, and an absolute assignment of the Rents and Leases, all in favor of Beneficiary. The parties acknowledge that some of the Property may be determined under applicable law to be personal property or fixtures. To the extent that any Property may be or be determined to be personal property, Trustor as debtor hereby grants to Beneficiary as secured party a security interest in all such Property to secure payment and performance of the Secured Obligations. This Deed of Trust constitutes a security agreement under the California Uniform Commercial Code, as amended or recodified from time to time (the "**UCC**"), covering all such Property. To the extent such Property is not real property encumbered by the lien granted above, and is not absolutely assigned by the assignment set forth above, it is the intention of the parties that such Property shall constitute "proceeds, products, offspring, rents, or profits" (as defined in and for the purposes of Section 552(b) of the United States Bankruptcy Code, as such section may be modified or supplemented) of the Land and Improvements.

5. Financing Statements. Pursuant to the UCC, Trustor, as debtor, hereby authorizes Beneficiary, as secured party, to file such financing statements and amendments thereof and such continuation statements with respect thereto as Beneficiary may deem appropriate to perfect and preserve Beneficiary's security interest in the Property and Rents, without requiring any signature or further authorization by

Trustor. If requested by Beneficiary, Trustor shall pay all fees and costs that Beneficiary may incur in filing such documents in public offices and in obtaining such record searches as Beneficiary may reasonably require. If any financing statement or other document is filed in the records normally pertaining to personal property, that filing shall not be construed as in any way derogating from or impairing this Deed of Trust or the rights or obligations of the parties under it.

Everything used in connection with the Property and/or adapted for use therein and/or which is described or reflected in this Deed of Trust is, and at all times and for all purposes and in all proceedings both legal or equitable shall be regarded as part of the estate encumbered by this Deed of Trust irrespective of whether (i) any such item is physically attached to the Improvements, (ii) serial numbers are used for the better identification of certain equipment items capable of being thus identified in a recital contained herein or in any list filed with Beneficiary, or (iii) any such item is referred to or reflected in any such financing statement so filed at any time. Similarly, the mention in any such financing statement of (1) rights in or to the proceeds of any fire and/or hazard insurance policy, or (2) any award in eminent domain proceedings for a taking or for lessening of value, or (3) Trustor's interest as lessor in any present or future lease or rights to income growing out of the use and/or occupancy of the property conveyed hereby, whether pursuant to lease or otherwise, shall not be construed as in any way altering any of the rights of Beneficiary as determined by this instrument or impugning the priority of Beneficiary's lien granted hereby or by any other recorded document. Such mention in any financing statement is declared to be solely for the protection of Beneficiary in the event any court or judge shall at any time hold, with respect to the matters set forth in the foregoing clauses (1), (2), and (3), that notice of Beneficiary's priority of interest is required in order to be effective against a particular class of persons, including but not limited to the federal government and any subdivisions or entity of the federal government.

6. Fixture Filing. This Deed of Trust is intended to be and constitutes a fixture filing pursuant to the provisions of the UCC with respect to all of the Property constituting fixtures, is being recorded as a fixture financing statement and filing under the UCC, and covers property, goods and equipment which are or are to become fixtures related to the Land and the Improvements. Trustor covenants and agrees that this Deed of Trust is to be filed in the real estate records of Sacramento County and shall also operate from the date of such filing as a fixture filing in accordance with Section 9502 and other applicable provisions of the UCC. This Deed of Trust shall also be effective as a financing statement covering minerals or the like (including oil and gas) and accounts subject to the UCC, as amended. Trustor shall be deemed to be the "debtor" and Beneficiary shall be deemed to be the "secured party" for all purposes under the UCC.

7. Trustor's Representations, Warranties and Covenants; Rights and Duties of the Parties.

7.1 Representations and Warranties. Trustor represents and warrants that:
(i) Trustor lawfully possesses and holds a fee simple interest in the Land and the

Improvements, (ii) Trustor has good and marketable title to all of the Property; (iii) other than as limited by the City Loan Documents and the Permitted Encumbrances, Trustor has the full and unlimited power, right and authority to encumber the Property and assign the Rents; (iv) subject only to encumbrances of record and senior liens permitted pursuant to the City Loan Documents or otherwise approved in writing by Beneficiary ("**Permitted Encumbrances**"), this Deed of Trust creates a valid lien on Trustor's entire interest in the Property; (v) except with respect to Permitted Encumbrances, Trustor owns the Property free and clear of all deeds of trust, mortgages, security agreements, reservations of title or conditional sales contracts, (vi) there is no financing statement affecting the Property on file in any public office other than as disclosed in writing to Beneficiary; and (vii) the correct address of Trustor's chief executive office is specified in Section 10.2. Notwithstanding the foregoing, Beneficiary agrees that pursuant to Health and Safety Code Section 33334.14(a)(4), it will subordinate this Deed of Trust to deeds of trust provided for the benefit of commercial lenders identified in the Financing Plan approved in connection with the Loan Agreement provided that the subordination agreement includes reasonable protections to the Beneficiary in the event of default.

7.2 Condition of Property. Trustor represents and warrants that except as disclosed to Beneficiary in writing, as of the date hereof: (i) Trustor has not received any notice from any governmental authority of any threatened or pending zoning, building, fire, or health code violation or violation of other governmental regulations concerning the Property that has not previously been corrected, and no condition on the Land violates any health, safety, fire, environmental, sewage, building, or other federal, state or local law, ordinance or regulation; (ii) no contracts, licenses, leases or commitments regarding the maintenance or use of the Property or allowing any third party rights to use the Property are in force; (iii) there are no threatened or pending actions, suits, or administrative proceedings against or affecting the Property or any portion thereof or the interest of Trustor in the Property; (iv) there are no threatened or pending condemnation, eminent domain, or similar proceedings affecting the Property or any portion thereof; (v) Trustor has not received any notice from any insurer of defects of the Property which have not been corrected; (vi) there are no natural or artificial conditions upon the Land or any part thereof that could result in a material and adverse change in the condition of the Land; (vii) all information that Trustor has delivered to Beneficiary, either directly or through Trustor's agents, is accurate and complete; and (viii) Trustor or Trustor's agents have disclosed to Beneficiary all material facts concerning the Property.

7.3 Authority. Trustor represents and warrants that this Deed of Trust and all other documents delivered or to be delivered by Trustor in connection herewith: (a) have been duly authorized, executed, and delivered by Trustor; (b) are binding obligations of Trustor; and (c) do not violate the provisions of any agreement to which Trustor is a party or which affects the Property. Trustor further represents and warrants that there are no pending, or to Trustor's knowledge, threatened actions or proceedings before any court or administrative agency which may adversely affect Trustor's ownership of the Property.

7.4 Payment and Performance of Secured Obligations. Trustor shall promptly pay when due the principal and any interest due on the indebtedness evidenced by the Note, and shall promptly pay and perform all other obligations of Trustor arising in connection with the Secured Obligations or the City Loan Documents in accordance with the respective terms thereof.

7.5 Use of City Loan Proceeds; Preservation and Maintenance of Property; Compliance with Laws. Trustor covenants that it shall use the City Loan Proceeds solely for purposes authorized by the Loan Agreement. Trustor covenants that it shall keep the Land and Improvements in good repair and condition, and from time to time shall make necessary repairs, renewals and replacements thereto so that the Property shall be preserved and maintained. Trustor covenants to comply with all federal, state and local laws, regulations, ordinances and rules applicable to the Property and the Project, including without limitation all applicable requirements of state and local building codes and regulations, and all applicable statutes and regulations relating to accessibility for the disabled. Trustor shall not remove, demolish or materially alter any Improvement without Beneficiary's consent, shall complete or restore promptly and in good and workmanlike manner any building, fixture or other improvement which may be constructed, damaged, or destroyed thereon, and shall pay when due all claims for labor performed and materials furnished therefor. Trustor shall use the Land and the Improvements solely for purposes authorized by the City Loan Documents, shall not commit or allow waste of the Property, and shall not commit or allow any act upon or use of the Property which would violate any applicable law or order of any governmental authority, nor shall Trustor bring on or keep any article on the Property or cause or allow any condition to exist thereon which could invalidate or which would be prohibited by any insurance coverage required to be maintained on the Property pursuant to the City Loan Documents.

7.6 Restrictions on Conveyance and Encumbrance; Acceleration. It shall be an Event of Default hereunder if the Property, any part thereof, or interest therein is sold, assigned, conveyed, transferred, hypothecated, leased, licensed, or encumbered in violation of the Loan Agreement or if any other Transfer (as defined in the Loan Agreement) occurs in violation of the Loan Agreement. If any such Transfer shall occur in violation of such requirements, without limiting the provisions of Section 8 hereof, all obligations secured by this Deed of Trust, irrespective of the maturity dates of such obligations, shall at the option of Beneficiary, and without demand, immediately become due and payable, subject to any applicable cure period.

7.7 Inspections; Books and Records. Beneficiary and its agents and representatives shall have the right at any reasonable time upon reasonable notice to enter upon the Land and inspect the Property to ensure compliance with the City Loan Documents. Trustor shall maintain complete and accurate books of account and other records (including copies of supporting bills and invoices) adequate to document the use of the City Loan Proceeds and the operation of the Property, together with copies of all written contracts, Leases and other instruments which affect the Property. The books, records, contracts, Leases and other instruments shall be subject to examination

and inspection by Beneficiary at any reasonable time following two business days prior notice.

7.8 Charges, Liens, Taxes and Assessments. Trustor shall pay before delinquency all taxes, levies, assessments and other charges affecting the Property that are (or if not paid may become) a lien on all or part of the Property. Trustor may, at Trustor's expense, contest the validity or application of any tax, levy, assessment or charge affecting the Property by appropriate legal proceedings promptly initiated and conducted in good faith and with due diligence, provided that (i) Beneficiary is reasonably satisfied that neither the Property nor any part thereof or interest therein will be in danger of being sold, forfeited, or lost as a result of such contest, and (ii) Trustor shall have posted a bond or furnished other security as may reasonably be required from time to time by Beneficiary; and provided further that Trustor shall timely make any payment necessary to prevent a lien foreclosure, sale, forfeiture or loss of the Property.

7.9 Subrogation. Beneficiary shall be subrogated to the liens of all encumbrances, whether released of record or not, which are discharged in whole or in part by Beneficiary in accordance with this Deed of Trust.

7.10 Hazard, Liability and Workers' Compensation Insurance. At all times during the term hereof, at Trustor's expense, Trustor shall keep the Improvements and personal property now existing or hereafter located on the Property insured against loss by fire, vandalism and malicious mischief by a policy of standard fire and extended all-risk insurance. The policy shall be written on a full replacement value basis and shall name Beneficiary as loss payee as its interest may appear. The full replacement value of the improvements to be insured shall be determined by the company issuing the policy at the time the policy is initially obtained. Not more frequently than once every two (2) years, either the Trustor or the Beneficiary shall have the right to notify the other party that it elects to have the replacement value re-determined by the insurance company. Subject to the rights of any senior lienholder, the proceeds collected under any insurance policy may be applied by Beneficiary to any indebtedness secured hereby and in such order as Beneficiary may determine, or at the option of Beneficiary, the entire amount so collected or any part thereof may be released to Trustor. Such application or release shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

7.10.1 Trustor shall at all times during the term hereof, maintain a comprehensive general liability insurance policy in an amount not less than One Million Dollars (\$1,000,000) combined single limit, Two Million Dollars (\$2,000,000) annual aggregate, together with Five Million Dollars (\$5,000,000) umbrella liability coverage or such other policy limits as City may require in its reasonable discretion, including coverage for bodily injury, property damage, products, completed operations and contractual liability coverage. Such policy or policies shall be written on an occurrence basis and shall name the Indemnitees as additional insureds. Such policy shall name the Beneficiary as additional insured. Trustor shall maintain workers' compensation insurance as required by law.

7.10.2 Trustor shall file with Beneficiary prior to the commencement of the term hereof, certificates (or such other proof as Beneficiary may require, including without limitation, copies of the required insurance policies) evidencing each of the insurance policies and endorsements thereto as required by this Section, and such certificates (or policies) shall provide that at least thirty (30) days' prior written notice shall be provided to Beneficiary prior to the expiration, cancellation or change in coverage under each such policy.

7.10.3 If any insurance policy required hereunder is canceled or the coverage provided thereunder is reduced, Trustor shall, within fifteen (15) days after receipt of written notice of such cancellation or reduction in coverage, but in no event later than the effective date of cancellation or reduction, file with Beneficiary a certificate showing that the required insurance has been reinstated or provided through another insurance company or companies. Upon failure to so file such certificate, Beneficiary may, without further notice and at its option, procure such insurance coverage at Trustor's expense, and Trustor shall promptly reimburse Beneficiary for such expense upon receipt of billing from Beneficiary.

7.10.4 The insurance policies required hereunder shall be issued by insurance companies authorized to do business in the State of California with a financial rating of at least A VII status as rated in the most recent edition of Best's Key Rating Guide. Each policy of insurance shall contain an endorsement requiring the insurer to provide at least 30 days written notice to Beneficiary prior to change in coverage, cancellation or expiration thereof. If any insurance policy required pursuant to the City Loan Documents is canceled or the coverage provided thereunder is reduced, Trustor shall, within ten (10) days after receipt of written notice of such cancellation or reduction in coverage, but in no event later than the effective date of cancellation or reduction, file with Beneficiary a certificate showing that the required insurance has been reinstated or provided through another insurance company or companies. Upon failure to so file such certificate, Beneficiary may, without further notice and at its option, procure such insurance coverage at Trustor's expense, and Trustor shall promptly reimburse Beneficiary for such expense upon receipt of billing from Beneficiary.

7.11 Hazardous Materials. Trustor represents and warrants that except as disclosed to Beneficiary in writing, as of the date hereof to the best knowledge of Trustor: (i) the Land is free and has always been free of Hazardous Materials (as defined below) and is not and has never been in violation of any Environmental Law (as defined below); (ii) there are no buried or partially buried storage tanks located on the Land; (iii) Trustor has received no notice, warning, notice of violation, administrative complaint, judicial complaint, or other formal or informal notice alleging that conditions on the Land are or have ever been in violation of any Environmental Law or informing Trustor that the Land is subject to investigation or inquiry regarding Hazardous Materials on the Land or the potential violation of any Environmental Law; (iv) there is no monitoring program required by the Environmental Protection Agency or any other governmental agency concerning the Land; (v) no toxic or hazardous chemicals, waste, or substances of any kind have ever been spilled, disposed of, or stored on, under or at

the Land, whether by accident, burying, drainage, or storage in containers, tanks, holding areas, or any other means; (vi) the Land has never been used as a dump or landfill; and (vii) Trustor has disclosed to Beneficiary all information, records, and studies in Trustor's possession or reasonably available to Trustor relating to the Land concerning Hazardous Materials.

Trustor shall not cause or permit any Hazardous Material (as defined below) to be brought upon, kept, stored or used in, on, under, or about the Land by Trustor, its agents, employees, contractors or invitees except for incidental supplies ordinarily used in connection with the construction, rehabilitation, repair, and operation of residential developments and in compliance with all applicable laws, and shall not cause any release of Hazardous Materials into, onto, under or through the Land. If any Hazardous Material is discharged, released, dumped, or spilled in, on, under, or about the Land and results in any contamination of the Land or adjacent property, or otherwise results in the release or discharge of Hazardous Materials in, on, under or from the Land, Trustor shall promptly take all actions at its sole expense as are necessary to comply with all Environmental Laws (as defined below).

Trustor shall indemnify, defend (with counsel reasonably acceptable to Beneficiary), and hold Beneficiary and its elected and appointed officials, officers, agents and employees (collectively, "**Indemnitees**") harmless from and against any and all loss, claim, liability, damage, demand, judgment, order, penalty, fine, injunctive or other relief, cost, expense (including reasonable fees and expenses of attorneys, expert witnesses, and other professionals advising or assisting Beneficiary), action, or cause of action (all of the foregoing, hereafter individually "Claim" and collectively "Claims") arising in connection with the breach of Trustor's covenants and obligations set forth in this Section 7.11 or otherwise arising in connection with the presence or release of Hazardous Materials in, on, under, or from the Property, except to the extent that Claims arise as a result of the gross negligence or willful misconduct of Indemnitees. The foregoing indemnity includes, without limitation, all costs of investigation, assessment, containment, removal, remediation of any kind, and disposal of Hazardous Materials, all costs of determining whether the Land is in compliance with Environmental Laws, all costs associated with bringing the Land into compliance with all applicable Environmental Laws, and all costs associated with claims for damages or injury to persons, property, or natural resources.

Without limiting the generality of the foregoing, Trustor shall, at Trustor's own cost and expense, do all of the following:

a. pay or satisfy any judgment or decree that may be entered against any Indemnitee or Indemnitees in any legal or administrative proceeding incident to any matters against which Indemnitees are entitled to be indemnified under this Deed of Trust;

b. reimburse Indemnitees for any expenses paid or incurred in connection with any matters against which Indemnitees are entitled to be indemnified under this Deed of Trust; and

c. reimburse Indemnitees for any and all expenses, including without limitation out-of-pocket expenses and fees of attorneys and expert witnesses, paid or incurred in connection with the enforcement by Indemnitees of their rights under this Deed of Trust, or in monitoring and participating in any legal or administrative proceeding.

Trustor's obligation to indemnify the Indemnitees shall not be limited or impaired by any of the following, or by any failure of Trustor to receive notice of or consideration for any of the following: (i) any amendment or modification of any City Loan Document; (ii) any extensions of time for performance required by any City Loan Document; (iii) any provision in any of the City Loan Documents limiting Beneficiary's recourse to property securing the Secured Obligations, or limiting the personal liability of Trustor, or any other party for payment of all or any part of the Secured Obligations; (iv) the accuracy or inaccuracy of any representation and warranty made by Trustor under this Deed of Trust or by Trustor or any other party under any City Loan Document, (v) the release of Trustor or any other person, by Beneficiary or by operation of law, from performance of any obligation under any City Loan Document; (vi) the release or substitution in whole or in part of any security for the Secured Obligations; and (vii) Beneficiary's failure to properly perfect any lien or security interest given as security for the Secured Obligations.

The provisions of this Section 7.11 shall be in addition to any and all other obligations and liabilities that Trustor may have under applicable law, and each Indemnatee shall be entitled to indemnification under this Section without regard to whether Beneficiary or that Indemnatee has exercised any rights against the Property or any other security, pursued any rights against any guarantor or other party, or pursued any other rights available under the City Loan Documents or applicable law. The obligations of Trustor to indemnify the Indemnitees under this Section shall survive any repayment or discharge of the Secured Obligations, any foreclosure proceeding, any foreclosure sale, any delivery of any deed in lieu of foreclosure, and any release of record of the lien of this Deed of Trust.

Without limiting any of the remedies provided in this Deed of Trust, Trustor acknowledges and agrees that each of the provisions in this Section 7.11 is an environmental provision (as defined in Section 736(f)(2) of the California Code of Civil Procedure) made by Trustor relating to real property security (the "Environmental Provisions"), and that Trustor's failure to comply with any of the Environmental Provisions will be a breach of contract that will entitle Beneficiary to pursue the remedies provided by Section 736 of the California Code of Civil Procedure ("Section 736") for the recovery of damages and for the enforcement of the Environmental Provisions. Pursuant to Section 736, Beneficiary's action for recovery of damages or enforcement of the Environmental Provisions shall not constitute an action within the meaning of Section 726(a) of the California Code of Civil Procedure or constitute a money judgment for a deficiency or a deficiency judgment within the meaning of Sections 580a, 580b, 580d, or 726(b) of the California Code of Civil Procedure.

“Hazardous Materials” means any substance, material or waste which is or becomes regulated by any federal, state or local governmental authority, and includes without limitation (i) petroleum or oil or gas or any direct or indirect product or by-product thereof; (ii) asbestos and any material containing asbestos; (iii) any substance, material or waste regulated by or listed (directly or by reference) as a “hazardous substance”, “hazardous material”, “hazardous waste”, “toxic waste”, “toxic pollutant”, “toxic substance”, “solid waste” or “pollutant or contaminant” in or pursuant to, or similarly identified as hazardous to human health or the environment in or pursuant to, the Toxic Substances Control Act [15 U.S.C. Section 2601, et seq.]; the Comprehensive Environmental Response, Compensation and Liability Act [42 U.S.C. Section 9601, et seq.], the Hazardous Materials Transportation Authorization Act [49 U.S.C. Section 5101, et seq.], the Resource Conservation and Recovery Act [42 U.S.C. Section 6901, et seq.], the Federal Water Pollution Control Act [33 U.S.C. Section 1251], the Clean Air Act [42 U.S.C. Section 7401, et seq.], the California Underground Storage of Hazardous Substances Act [California Health and Safety Code Section 25280, et seq.], the California Hazardous Substances Account Act [California Health and Safety Code Section 25300, et seq.], the California Hazardous Waste Act [California Health and Safety Code Section 25100, et seq.], the California Safe Drinking Water and Toxic Enforcement Act [California Health and Safety Code Section 25249.5, et seq.], and the Porter-Cologne Water Quality Control Act [California Water Code Section 13000, et seq.], as they now exist or are hereafter amended, together with any regulations promulgated thereunder; (iv) any substance, material or waste which is defined as such or regulated by any “Superfund” or “Superlien” law, or any Environmental Law; or (v) any other substance, material, chemical, waste or pollutant identified as hazardous or toxic and regulated under any other federal, state or local environmental law, including without limitation, asbestos, polychlorinated biphenyls, petroleum, natural gas and synthetic fuel products and by-products.

“Environmental Law” means all federal, state or local statutes, ordinances, rules, regulations, orders, decrees, judgments or common law doctrines, and provisions and conditions of permits, licenses and other operating authorizations regulating, or relating to, or imposing liability or standards of conduct concerning (i) pollution or protection of the environment, including natural resources; (ii) exposure of persons, including employees and agents, to any Hazardous Material (as defined above) or other products, raw materials, chemicals or other substances; (iii) protection of the public health or welfare from the effects of by-products, wastes, emissions, discharges or releases of chemical substances from industrial or commercial activities; (iv) the manufacture, use or introduction into commerce of chemical substances, including without limitation, their manufacture, formulation, labeling, distribution, transportation, handling, storage and disposal; or (iv) the use, release or disposal of toxic or hazardous substances or Hazardous Materials or the remediation of air, surface waters, groundwaters or soil, as now or may at any later time be in effect, including but not limited to the Toxic Substances Control Act [15 U.S.C. 2601, et seq.]; the Comprehensive Environmental Response, Compensation and Liability Act [42 U.S.C. Section 9601, et seq.], the Hazardous Materials Transportation Authorization Act [49 U.S.C. Section 5101, et seq.], the Resource Conservation and Recovery Act [42 U.S.C. 6901, et seq.], the Federal Water Pollution Control Act [33 U.S.C. Section 1251], the

Clean Air Act [42 U.S.C. Section 7401, et seq.], the California Underground Storage of Hazardous Substances Act [California Health and Safety Code Section 25280, et seq.], the California Hazardous Substances Account Act [California Health and Safety Code Section 25300, et seq.], the California Hazardous Waste Act [California Health and Safety Code Section 25100, et seq.], the California Safe Drinking Water and Toxic Enforcement Act [California Health and Safety Code Section 25249.5, et seq.], and the Porter-Cologne Water Quality Control Act [California Water Code Section 13000, et seq.], as they now exist or are hereafter amended, together with any regulations promulgated thereunder.

7.12 Notice of Claims; Defense of Security; Reimbursement of Costs.

a. Notice of Claims. Trustor shall provide written notice to Beneficiary of any uninsured or partially uninsured loss affecting the Property through fire, theft, liability, or property damage in excess of an aggregate of Fifty Thousand Dollars (\$50,000) within three business days of the occurrence of such loss. Trustor shall ensure that Beneficiary shall receive timely notice of, and shall have a right to cure, any default under any other financing document or other lien affecting the Property and shall use best efforts to ensure that provisions mandating such notice and allowing such right to cure shall be included in all such documents. Within three business days of Trustor's receipt thereof, Trustor shall provide Beneficiary with a copy of any notice of default Trustor receives in connection with any financing document secured by the Property or any part thereof.

b. Defense of Security. At Trustor's sole expense, Trustor shall protect, preserve and defend the Property and title to and right of possession of the Property, the security of this Deed of Trust and the rights and powers of Beneficiary and Trustee created under it, against all adverse claims.

c. Compensation; Reimbursement of Costs. Trustor agrees to pay all reasonable fees, costs and expenses charged by Beneficiary or Trustee for any service that Beneficiary or Trustee may render in connection with this Deed of Trust, including without limitation, fees and expenses related to provision of a statement of obligations or related to a reconveyance. Trustor further agrees to pay or reimburse Beneficiary for all costs, expenses and other advances which may be incurred or made by Beneficiary or Trustee in any efforts to enforce any terms of this Deed of Trust, including without limitation any rights or remedies afforded to Beneficiary or Trustee or both of them under Sections 7.16 and 8.2, whether or not any lawsuit is filed, or in defending any action or proceeding arising under or relating to this Deed of Trust, including reasonable attorneys' fees and other legal costs, costs of any disposition of the Property under the power of sale granted hereunder or any judicial foreclosure, and any cost of evidence of title.

d. Notice of Changes. Trustor shall give Beneficiary prior written notice of any change in the address of Trustor and the location of any Property, including books and records pertaining to the Property.

7.13 Indemnification. Trustor shall indemnify, defend (with counsel reasonably acceptable to Beneficiary), and hold harmless the Trustee and the Indemnitees (as defined in Section 7.11) from and against all Claims arising directly or indirectly in any manner in connection with or as a result of (a) any breach of Trustor's covenants under any City Loan Document, (b) any representation by Trustor in any City Loan Document which proves to be false or misleading in any material respect when made, (c) injury or death to persons or damage to property or other loss occurring on the Land or in any improvement located thereon, whether caused by the negligence or any other act or omission of Trustor or any other person or by negligent, faulty, inadequate or defective design, building, construction or maintenance or any other condition or otherwise, (d) any claim, demand or cause of action, or any action or other proceeding, whether meritorious or not, brought or asserted against any Indemnitee which relates to or arises out of the Property, or any City Loan Document or any transaction contemplated thereby, or any failure of Trustor to comply with all applicable state, federal and local laws and regulations applicable to the Property, provided that no Indemnitee shall be entitled to indemnification under this Section for matters caused by such Indemnitee's gross negligence or willful misconduct. The obligations of Trustor under this Section shall survive the repayment of the Permanent Loan and shall be secured by this Deed of Trust. Notwithstanding any contrary provision contained herein, the obligations of Trustor under this Section shall survive any foreclosure proceeding, any foreclosure sale, any delivery of a deed in lieu of foreclosure, and any release or reconveyance of this Deed of Trust.

7.14. Limitation of Liability. Beneficiary shall not be directly or indirectly liable to Trustor or any other person as a consequence of any of the following: (i) Beneficiary's exercise of or failure to exercise any rights, remedies or powers granted to Beneficiary in this Deed of Trust; (ii) Beneficiary's failure or refusal to perform or discharge any obligation or liability of Trustor under any agreement related to the Property or under this Deed of Trust; (iii) any waste committed by Trustor, the lessees of the Property or any third parties, or any dangerous or defective condition of the Property; or (iv) any loss sustained by Trustor or any third party resulting from any act or omission of Beneficiary in managing the Property after an Event of Default, unless the loss is caused by the willful misconduct, gross negligence, or bad faith of Beneficiary. Trustor hereby expressly waives and releases all liability of the types described in this Section 7.14 and agrees that Trustor shall assert no claim related to any of the foregoing against Beneficiary.

7.15 Insurance and Condemnation Proceeds. Subject to the rights of any senior lienholders, any award of damages in connection with any condemnation for public use of, or injury to the Property or any part thereof is hereby assigned and shall be paid to Beneficiary who may apply such moneys to any indebtedness secured hereby in such order as Beneficiary may determine, or at the option of Beneficiary the entire amount so collected or any part thereof may be released to Trustor. Such

application or release shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice. Notwithstanding the foregoing, so long as the value of Beneficiary's lien is not impaired, insurance and/or condemnation proceeds may be used to repair and/or restore the Project.

7.16 Release, Extension, Modification. At any time and from time to time, without liability therefor and without notice, upon written request of Beneficiary and presentation of this Deed of Trust and the Note for endorsement, Trustee may release or reconvey all or any part of the Property, consent to the making of any map or plat of the Land or part thereof, join in granting any easement or creating any restriction affecting the Property, or join in any extension agreement or other agreement affecting the lien or charge hereof. At any time and from time to time, without liability therefor and without notice, Beneficiary may (i) release any person liable for payment of any Secured Obligation, (ii) extend the time for payment or otherwise alter the terms of payment of any Secured Obligation; (iii) accept additional real or personal property of any kind as security for any Secured Obligation, or (iv) substitute or release any property securing the Secured Obligations.

7.17 Reconveyance. Upon written request of Beneficiary stating that all of the Secured Obligations have been paid in full, and upon surrender of this Deed of Trust, and the Note, Trustee shall reconvey, without warranty, the Property or so much of it as is then held under this Deed of Trust. The recitals in any reconveyance executed under this Deed of Trust of any matters or facts shall be conclusive proof of the truthfulness thereof. Trustor shall pay all fees of Trustee and all recordation fees related to such reconveyance.

7.18 Cure; Protection of Security. Either Beneficiary or Trustee may cure any breach or default of Trustor, and if it chooses to do so in connection with any such cure, Beneficiary or Trustee may also enter the Property and/or do any and all other things which it may in its sole discretion consider necessary and appropriate to protect the security of this Deed of Trust. Such other things may include: appearing in and/or defending any action or proceeding which purports to affect the security of, or the rights or powers of Beneficiary or Trustee under, this Deed of Trust; paying, purchasing, contesting or compromising any encumbrance, charge, lien or claim of lien which in Beneficiary's or Trustee's sole judgment is or may be senior in priority to this Deed of Trust, such judgment of Beneficiary or Trustee to be conclusive as among Beneficiary, Trustee and Trustor; obtaining insurance and/or paying any premiums or charges for insurance required to be carried hereunder; otherwise caring for and protecting any and all of the Property; and/or employing counsel, accountants, contractors and other appropriate persons to assist Beneficiary or Trustee. Beneficiary and Trustee may take any of the actions permitted under this Section 7.18 either with or without giving notice, except for notices required under applicable law. Any amounts disbursed by Beneficiary pursuant to this paragraph shall become additional indebtedness secured by this Deed of Trust.

7.19 Limited Partners Right to Cure. Trustor's limited partners shall have the right to cure any default of Trustor hereunder upon the same terms and conditions

afforded to Trustor. Beneficiary shall provide any notice of default hereunder to the limited partners concurrently with the provision of such notice to Trustor, at the following address (or such alternate address as the limited partners may designate from time to time in a written notice to the City):

As to the limited partners, the cure periods specified herein shall commence upon the date of delivery of such notice in accordance with Section 10.2.

8. Default and Remedies.

8.1 Events of Default. Trustor acknowledges and agrees that an Event of Default shall occur under this Deed of Trust upon the occurrence of any one or more of the following events:

a. Beneficiary's declaration of an Event of Default under any Permanent Loan Document, subject to the expiration of any applicable cure period set forth in such document;

b. Trustor fails to perform any monetary obligation which arises under this Deed of Trust, and does not cure that failure within ten (10) days following written notice from Beneficiary or Trustee;

c. If Trustor's interest in the Property or any part thereof is voluntarily or involuntarily sold, transferred, leased, encumbered, or otherwise conveyed in violation of Section 7.6 hereof or if any other Transfer occurs in violation of the Loan Agreement and Trustor fails to rescind such conveyance or otherwise cure such breach within the time period specified in paragraph j below;

d. Trustor fails to maintain the insurance coverage required hereunder or otherwise fails to comply with the requirements of Section 7.10 hereof and Trustor fails to cure such default within the time specified in Section 7.10;

e. Subject to Trustor's right to contest such charges as provided herein, Trustor fails to pay taxes or assessments due on the Land or the Improvements or fails to pay any other charge that may result in a lien on the Land or the Improvements, and Trustor fails to cure such default within ten (10) days.

f. Any representation or warranty of Trustor contained in or made in connection with the execution and delivery of this Deed of Trust or in any certificate or statement furnished pursuant hereto or in any other City Loan Document proves to have been false or misleading in any material adverse respect when made;

g. If, pursuant to or within the meaning of the United States Bankruptcy Code or any other federal or state law relating to insolvency or relief of debtors ("**Bankruptcy Law**"), Trustor or any general partner thereof (i) commences a voluntary case or proceeding; (ii) consents to the entry of an order for relief against Trustor or any general partner thereof in an involuntary case; (iii) consents to the

appointment of a trustee, receiver, assignee, liquidator or similar official for Trustor or any general partner thereof; (iv) makes an assignment for the benefit of its creditors; or (v) admits in writing its inability to pay its debts as they become due.

h. If a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that (i) is for relief against Trustor or any general partner thereof in an involuntary case, (ii) appoints a trustee, receiver, assignee, liquidator or similar official for Trustor or any general partner thereof or substantially all of such entity's assets, (iii) orders the liquidation of Trustor or any general partner thereof, or (iv) issues or levies a judgment, writ, warrant of attachment or similar process against the Property or the Project, and in each case the order or decree is not released, vacated, dismissed or fully bonded within 60 days after its issuance.

i. The holder of any other debt instrument secured by a mortgage or deed of trust on the Property or part thereof declares an event of default thereunder and exercises a right to declare all amounts due under that debt instrument immediately due and payable, subject to the expiration of any applicable cure period set forth in such holder's documents; or

j. Trustor fails to perform any obligation arising under this Deed of Trust other than one enumerated in this Section 8.1, and does not cure that failure either within ten (10) days after written notice from Beneficiary or Trustee in the event of a monetary default, or within thirty (30) days after such written notice in the event of a nonmonetary default, provided that in the case of a nonmonetary default that in Beneficiary's reasonable judgment cannot reasonably be cured within thirty (30) days, an Event of Default shall not arise hereunder if Trustor commences to cure such default within thirty (30) days and thereafter prosecutes such cure to completion with due diligence and in good faith and in no event later than sixty (60) days following receipt of notice of default.

8.2 Remedies. Subject to the applicable notice and cure provisions set forth herein, at any time after an Event of Default, Beneficiary and Trustee shall be entitled to invoke any and all of the rights and remedies described below, and may exercise any one or more or all, of the remedies set forth in any City Loan Document, and any other remedy existing at law or in equity or by statute. All of Beneficiary's rights and remedies shall be cumulative, and the exercise of any one or more of them shall not constitute an election of remedies. Beneficiary shall be entitled to collect all expenses incurred in pursuing the remedies provided hereunder, including without limitation reasonable attorneys' fees and costs.

a. Acceleration. Beneficiary may declare any or all of the Secured Obligations, including without limitation all sums payable under the Note and this Deed of Trust, to be due and payable immediately.

b. Receiver. Beneficiary may apply to any court of competent jurisdiction for, and obtain appointment of, a receiver for the Property.

c. Entry. Beneficiary, in person, by agent or by court-appointed receiver, may enter, take possession of, manage and operate all or any part of the Property, and may also do any and all other things in connection with those actions that Beneficiary may in its sole discretion consider necessary and appropriate to protect the security of this Deed of Trust. Such other things may include: taking and possessing copies of all of Trustor's or the then owner's books and records concerning the Property; entering into, enforcing, modifying, or canceling Leases on such terms and conditions as Beneficiary may consider proper; obtaining and evicting tenants; fixing or modifying Rents; collecting and receiving any payment of money owing to Trustor; completing any unfinished construction; and/or contracting for and making repairs and alterations. If Beneficiary so requests, Trustor shall assemble all of the Property that has been removed from the Land and make all of it available to Beneficiary at the site of the Land. Trustor hereby irrevocably constitutes and appoints Beneficiary as Trustor's attorney-in-fact to perform such acts and execute such documents as Beneficiary in its sole discretion may consider to be appropriate in connection with taking these measures, including endorsement of Trustor's name on any instruments.

d. UCC Remedies. Beneficiary may exercise any or all of the remedies granted to a secured party under the UCC.

e. Judicial Action. Beneficiary may bring an action in any court of competent jurisdiction to foreclose this Deed of Trust in the manner provided by law for foreclosure of mortgages on real property and/or to obtain specific enforcement of any of the covenants or agreements of this Deed of Trust.

f. Power of Sale. Under the power of sale hereby granted, Beneficiary shall have the discretionary right to cause some or all of the Property, including any Property which constitutes personal property, to be sold or otherwise disposed of in any combination and in any manner permitted by applicable law.

8.3 Power of Sale. If Beneficiary elects to invoke the power of sale hereby granted, Beneficiary shall execute or cause the Trustee to execute a written notice of such default and of its election to cause the Property to be sold to satisfy the obligations hereof, and shall cause such notice to be recorded in the office of the Recorder of each County wherein the Property or some part thereof is situated as required by law and this Deed of Trust.

Prior to publication of the notice of sale, Beneficiary shall deliver to Trustee this Deed of Trust and the Note or other evidence of indebtedness which is secured hereby, together with a written request for the Trustee to proceed with a sale of the Property, pursuant to the provisions of law and this Deed of Trust.

Notice of sale having been given as then required by law, and not less than the time then required by law having elapsed after recordation of such notice of default, Trustee, without demand on Trustor, shall sell the Property at the time and place fixed by it in the notice of sale, either as a whole or in separate parcels and in such order as it may determine, at public auction to the highest bidder for cash in lawful money of the

United States, payable at time of sale. Trustee may, and at Beneficiary's request shall, postpone sale of all or any portion of the Property by public announcement at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement at the time and place fixed by the preceding postponement. Trustee shall deliver to the purchaser its deed conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee, or Beneficiary, may purchase at such sale.

After deducting all costs, fees, and expenses of Trustee and of the trust hereby created, including reasonable attorneys' fees in connection with sale, Trustee shall apply the proceeds of sale to payment of all sums advanced or expended by Beneficiary or Trustee under the terms hereof and all outstanding sums then secured hereby, and the remainder, if any, to the person or persons legally entitled thereto.

Without limiting the generality of the foregoing, Trustor acknowledges and agrees that regardless of whether or not a default has occurred hereunder, if an Event of Default has occurred under the City Loan Documents, and if in connection with such Event of Default Beneficiary exercises its right to foreclose on the Property, then: (i) Beneficiary shall be entitled to declare all amounts due under the Note immediately due and payable, and (ii) the proceeds of any sale of the Property in connection with such foreclosure shall be used to pay all Secured Obligations, including without limitation, the outstanding principal balance and all other amounts due under the Note.

At any foreclosure sale, any person, including Trustor, Trustee or Beneficiary, may bid for and acquire the Property or any part of it to the extent permitted by then applicable law. Instead of paying cash for such property, Beneficiary may settle for the purchase price by crediting the sales price of the property against the following obligations:

a. First, the portion of the Secured Obligations attributable to the expenses of sale, costs of any action and any other sums for which Trustor is obligated to pay or reimburse Beneficiary or Trustee under Section 7.12(c); and

b. Second, the remaining balance of all other Secured Obligations in any order and proportions as Beneficiary in its sole discretion may choose.

8.4 Trustor's Right to Reinstate. Notwithstanding Beneficiary's acceleration of the sums secured by this Deed of Trust, Trustor shall have the right to have any proceedings begun by Beneficiary to enforce this Deed of Trust discontinued at any time prior to five days before sale of the Property pursuant to the power of sale contained in this Deed of Trust or at any time prior to entry of a judgment enforcing this Deed of Trust if: (a) Trustor pays Beneficiary all sums which would be then due under the City Loan Documents if the Secured Obligations had no acceleration provision; (b) Trustor cures all breaches of any other covenants or agreements of Trustor contained in this Deed of Trust; (c) Trustor pays all reasonable expenses incurred by Beneficiary and Trustee in enforcing the covenants and agreements of Trustor contained in this Deed of

Trust, and in enforcing Beneficiary's and Trustee's remedies as provided herein, including, but not limited to, reasonable attorney's fees; and (d) Trustor takes such action as Beneficiary may reasonably require to assure that the lien of this Deed of Trust, Beneficiary's interest in the Property and Trustor's obligation to pay the sums secured by this Deed of Trust shall continue unimpaired. Upon such payment and cure by Trustor, this Deed of Trust and the obligations secured hereby shall remain in full force and effect as if no acceleration had occurred.

9. Trustor's Waivers. To the fullest extent permitted by law, Trustor waives: (a) all statutes of limitations as a defense to any action or proceeding brought against Trustor by Beneficiary; (b) the benefit of all laws now existing or which may hereafter be enacted providing for any appraisal, valuation, stay, extension, redemption or moratorium; (c) all rights of marshalling in the event of foreclosure; and (d) all presentments, demands for performance, notices of nonperformance, protests, notices of protest, notices of dishonor, notices of acceptance of this Deed of Trust and of the existence, creation, or incurring of new or additional indebtedness, and demands and notices of every kind.

10. Miscellaneous Provisions.

10.1 Additional Provisions. The City Loan Documents grant further rights to Beneficiary and contain further agreements and affirmative and negative covenants by Trustor which apply to this Deed of Trust and the Property.

10.2 Notices. Trustor requests that a copy of notice of default and notice of sale be mailed to Trustor at the address set forth below. That address is also the mailing address of Trustor as debtor under the UCC. Beneficiary's address set forth below is the address for Beneficiary as secured party under the UCC. Except for any notice required under applicable law to be given in another manner, all notices to be sent pursuant to this Deed of Trust shall be made in writing, and sent to the parties at their respective addresses specified below or to such other address as a party may designate by written notice delivered to the other parties in accordance with this Section. All such notices shall be sent by:

- a. personal delivery, in which case notice shall be deemed delivered upon receipt;
- b. certified or registered mail, return receipt requested, in which case notice shall be deemed delivered two (2) business days after deposit, postage prepaid in the United States mail;
- c. nationally recognized overnight courier, in which case notice shall be deemed delivered one (1) day after deposit with such courier; or
- d. facsimile transmission, in which case notice shall be deemed delivered on transmittal, provided that a transmission report is generated reflecting the accurate transmission thereof.

Beneficiary:

City of Rancho Cordova
2729 Prospect Park Drive
Rancho Cordova, CA 95670
Attention: City Manager and Housing Services Administrator

Trustor:

Trustee: _____ Title Company
[Address]

10.3 Binding on Successors. The terms, covenants and conditions of this Deed of Trust shall be binding upon and inure to the benefit of the heirs, administrators, executors, successors in interest, transferees, and assigns of the Trustor, Beneficiary and Trustee; provided however this Section 10.3 does not waive the provisions of Section 7.6.

10.4 Substitution of Trustee. Beneficiary may from time to time or at any time substitute a trustee or trustees to execute the trust hereby created, and when any such substitution has been filed for record in the office of the Recorder of Sacramento County, it shall be conclusive evidence of the appointment of such trustee or trustees, and such new trustee or trustees shall succeed to all of the powers and duties of the Trustee named herein.

10.5 Attorneys' Fees and Costs. In any action or proceeding to foreclose this Deed of Trust or to enforce any right of Beneficiary or of Trustee, Trustor shall pay to Beneficiary and Trustee all costs of such action or proceeding, including reasonable attorneys' fees.

10.6 Governing Law; Severability; Interpretation. This Deed of Trust shall be governed by the laws of the State of California without regard to principles of conflicts of laws. Trustor agrees that any controversy arising under or in relation to this Deed of Trust shall be litigated exclusively in the jurisdiction where the Land is located (the "**Property Jurisdiction**"). The state and federal courts and authorities with jurisdiction in the Property Jurisdiction shall have exclusive jurisdiction over all controversies which shall arise under or in relation to the City Loan Documents. Trustor irrevocably consents to service, jurisdiction, and venue of such courts for any such litigation, and waives any other venue to which it might be entitled by virtue of domicile, habitual residence or otherwise. If any provision of this Deed of Trust is held unenforceable or void, that provision shall be deemed severable from the remaining provisions, and shall in no way affect the validity of this Deed of Trust. The captions used in this Deed of Trust are for convenience only and are not intended to affect the interpretation or construction of the provisions herein contained. In this Deed of Trust, whenever the context so requires, the singular number includes the plural.

10.7 Waiver, Modification and Amendment. Any waiver by Beneficiary of any obligation of Trustor hereunder must be in writing, and no waiver shall be construed as a continuing waiver. No waiver shall be implied from any delay or failure by Beneficiary or Trustee to take action on account of any default of Trustor. Consent by Beneficiary or Trustee to any act or omission by Trustor shall not be construed as a consent to any other or subsequent act or omission or to waive the requirement for Beneficiary's or Trustee's consent to be obtained in any future or other instance. No amendment to or modification of this Deed of Trust shall be effective unless and until such amendment or modification is in writing, executed by Trustor and Beneficiary. Without limiting the generality of the foregoing, Beneficiary's acceptance of payment of any sum secured hereby after its due date shall not constitute a waiver by Beneficiary of its right either to require prompt payment when due of all other sums so secured or to declare default for failure so to pay.

10.8 Action by Beneficiary. Except as may be otherwise specifically provided herein, whenever any approval, notice, direction, or consent by the Beneficiary is required or permitted under this Agreement, such action shall be in writing, and such action may be given, made or taken by Beneficiary's City Manager or by any person who shall have been designated by Beneficiary's City Manager, without further approval by the governing board of Beneficiary. Beneficiary shall use reasonable best efforts to respond to requests for any such approval, notice, direction, or consent in a timely manner. In any approval, consent, or other determination by Beneficiary required hereunder, Beneficiary shall act reasonably and in good faith.

10.9 Joint and Several Liability. If Trustor consists of more than one person or entity, each shall be jointly and severally liable for the faithful performance of all of Trustor's obligations under this Deed of Trust.

10.10 Time is of the Essence. Time is of the essence for each provision of this Deed of Trust.

10.11 Partial Subordination to Extended Use Agreement. Trustor and the California Tax Credit Allocation Committee have or intend to enter into, or concurrently with the execution and delivery of the City Loan Documents are entering into, a Regulatory Agreement (the "**TCAC Regulatory Agreement**"), which constitutes the extended low-income housing commitment described in Section 42(h)(6)(B) of the Internal Revenue Code, as amended (the "Code"). In the event of a foreclosure of Beneficiary's interest under this Deed of Trust or delivery by the Trustor of a deed in lieu thereof (collectively, a "**Foreclosure**"), the following rule shall apply:

In the event of a Foreclosure, throughout the extended use period specified in the TCAC Regulatory Agreement, with respect to any unit that had been regulated by the TCAC Regulatory Agreement, (i) none of the eligible tenants occupying those units at the time of Foreclosure may be evicted or their tenancy terminated (other than for good cause, including but not limited to, the tenants' ineligibility pursuant to regulations of Section 42 of the Code), (ii) nor may any rent be

increased except as otherwise permitted under Section 42 of the Code.

SIGNATURES ON FOLLOWING PAGE.

IN WITNESS WHEREOF, Trustor has executed this Deed of Trust as of the day and year first above written.

TRUSTOR

State of California)
)
 County of _____)

On _____, 20__, before me, _____, (here insert name and title of the officer), personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

EXHIBIT A TO DEED OF TRUST

Legal Description

(Attach Legal Description.)

Exhibit H**FINANCING PLAN**

(Attach form of Developer's Financing Plan.)

FINANCING PLAN

I. CONSTRUCTION AND PERMANENT FINANCING

II. PERMANENT SOURCES OF FUNDING

III. ANNUAL INCOME AND EXPENSES – OPERATING BUDGET

IV. CASH FLOW ANALYSIS

[REMAINDER TO BE ADDED]

Exhibit I**PURCHASE OPTION AND RIGHT OF FIRST REFUSAL AGREEMENT**

(Attach form of Option Agreement.)

Recording Requested by**and when Recorded, return to:**

City of Rancho Cordova

2729 Prospect Park Drive

Rancho Cordova, CA 95670

Attn: City Manager

(SPACE ABOVE THIS LINE RESERVED FOR RECORDER'S USE)

PURCHASE OPTION AND RIGHT OF FIRST REFUSAL AGREEMENT
(Mather Veterans' Village)

This Purchase Option and Right of First Refusal Agreement (this "Agreement") dated as of _____, 2014, is entered into by and between _____, L.P., a California limited partnership (the "Partnership") and the City of Rancho Cordova, a municipal corporation ("City") and as acknowledged below, is consented to by _____, a California limited liability company ("General Partner").

- A. WHEREAS, Partnership owns a leasehold interest in that certain real property located in Sacramento County, State of California and more particularly described on Exhibit A attached hereto and incorporated herein by this reference (the "Land");
- B. WHEREAS, pursuant to that certain Loan Agreement dated as of the date hereof and executed by and between Partnership and City, Partnership has agreed to construct, own and operate on the Land a 50-unit very low income housing development (the "Project");
- C. WHEREAS, City has provided financing to Partnership for the predevelopment and construction of the Project, converting to permanent financing for the Project; and
- D. WHEREAS, Partnership desires to grant to City an option and right of first refusal to purchase the Project.

NOW, THEREFORE, the parties hereto agree as follows:

1. Grant of Option; Term. Partnership hereby grants to City an option (the "**Option**") to purchase the Project together with all improvements, fixtures and personal property comprising the Project or associated with the physical operation thereof, located at the Project and owned by the Partnership (all of the foregoing, collectively, the "**Property**") on the terms and conditions set forth in this Agreement. The term of the Option (the "**Option Term**") shall commence on the first day of the close of the fifteenth (15th) full year of the compliance period for the low-income housing tax credits for the Project (the "**Compliance Period**") as determined under Section 42(i)(1) of the Internal Revenue Code of 1986, as amended (the "**Code**"), and shall expire on the last day of the twelfth (12th) month thereafter.

2. Grant of Refusal Right. If the Partnership receives a bona fide offer to purchase the Project, which offer the Partnership desires to accept, City shall have a right of first refusal to purchase the Project (the "**Refusal Right**") on the terms and conditions set forth in this Agreement during the period commencing upon the close of the Compliance Period and ending twenty-four months thereafter (the "**Refusal Right Term**"), for the price specified in Section 3 hereof. In addition to all other applicable conditions set forth in this Agreement, (a) the foregoing grant of the Refusal Right shall be effective only if City is currently and remains a public body at all times hereafter until (i) the Refusal Right has been exercised and the resulting purchase and sale has been closed or (ii) the Refusal Right has been assigned to a permitted assignee described in Section 8 hereof, and (b) any assignment of the Refusal Right permitted under this Agreement and the Refusal Right so assigned shall be effective only if the assignee is at the time of the assignment and remains at all times thereafter, until the Refusal Right has been exercised and the resulting purchase and sale has been closed, a permitted assignee described in Section 8 hereof meeting the requirements of Section 42(i)(7)(a) of the Code. Prior to accepting any such bona fide offer to purchase the Project ("**Bona Fide Offer**"), the Partnership shall notify City and the Limited Partner of such offer and deliver to each of them a copy thereof. The Partnership shall not accept any such offer unless and until the Refusal Right has expired without exercise by City in accordance with Section 5 hereof.

3. Purchase Price Under Refusal Right. The purchase price for the Project pursuant to the Refusal Right shall be the amount sufficient to (i) pay all outstanding indebtedness secured by the Project other than indebtedness incurred within the five-year period ending on the date of the sale, which indebtedness may be assumed by City, and (ii) distribute to the Limited Partner cash proceeds sufficient to enable the Limited Partner to pay on an after-tax basis after any taxes imposed on such distribution, the taxes projected to be imposed on the Limited Partner as a result of the sale pursuant to the Refusal Right. Notwithstanding the foregoing, if the Partnership receives a Bona Fide Offer, then the purchase price shall be the lower of the amount specified in this Section or the amount agreed to in the Bona Fide Offer.

4. Purchase Price Under Option. The purchase price for the Project pursuant to the Option (the "**Option Price**") shall be the greater of the following amounts, subject to the provisions set forth herein below:

A. Price Formula. The amount determined under Section 3 as if the Refusal Right were being exercised, and

B. Fair Market Value. (i) The fair market value of the Project, appraised as very low-income housing to the extent continuation of such use is required pursuant to use restrictions applicable to the Project, taking into account the value of any reserves that will be transferred to City in connection with the sale of the Property, as reduced by customary costs of a sale, including customary sales commissions (anticipated to be approximately six percent (6%)) with such appraisal to be made by a licensed appraiser, selected as set forth in paragraph (ii) below, who has at least five years' experience in Sacramento County, is a member of the Master Appraiser Institute (MAI), and who has substantial experience appraising low-income housing tax credit

projects. Fair market value shall be calculated considering the nature of the reserves and any existing restrictions on the use or availability of such reserves.

(ii) The fair market value of the Project shall be determined as follows. Partnership and City shall select a mutually acceptable appraiser who has the qualifications set forth in this Section 4, who shall determine the fair market value of the Project in accordance with the requirements set forth in this Section 4. If the parties are unable to agree upon an appraiser, Partnership and City shall each select an appraiser. If the difference between the two appraisals is less than or equal to ten percent (10%) of the lower of the two appraisals, then fair market value shall be the average of the two appraisals. If the difference between the two appraisals is greater than ten percent (10%) of the lower of the two appraisals, then the two appraisers shall jointly select a third appraiser. If the two appraisers are unable jointly to select a third appraiser, either Partnership or City may, upon written notice to the other, request that the appointment be made by the then President of the Sacramento, California Chapter of the American Arbitration Association or his or her designee. If the third appraisal is less than either of the first two, then fair market value shall be the average of the two lowest appraisals. If the third appraisal is greater than the first two, then fair market value shall be the average of the two highest appraisals. If the third appraisal falls between the previous two appraisals, the fair market value shall be the value established by the third appraisal. Partnership and City shall share the cost equally of any appraiser jointly selected or shall pay the costs of the appraiser they each select and shall share the cost equally of any third appraiser.

5. Manner of Exercise. City may exercise the Option by delivering to Partnership, at any time during the Option Term, written notice of such exercise. The notice of exercise shall state that the Option is exercised without condition or qualification.

Any notice of intent to exercise the Refusal Right shall be given within one hundred eighty (180) days after City has received the Partnership's notice of a Bona Fide Offer and copy of such offer pursuant to Section 2 hereof, but in no event later than the expiration of the Refusal Right Term, notwithstanding any subsequent receipt by the Partnership of any such offer. City's notice of intent to exercise the Option or Refusal Right shall specify a closing date that is within one hundred eighty (180) days immediately following the end of the Option Term or the Refusal Right Term.

6. Completion of Sale.

(a) Prior to the close of escrow on the Project following exercise of the Option or Refusal Right, Partnership shall cause a title company to issue, upon close of escrow, a CLTA Owner's policy of title insurance dated as of the close of escrow, in an amount equal to the purchase price for the Project, showing title to the Project vested in City and showing as exceptions all encumbrances of record.

(b) Escrow for the sale of the Project shall close no later than one hundred eighty (180) days after Partnership's receipt of City's written notice of exercise of the Option or Refusal Right, at which time the purchase price shall be due and payable;

provided, however, City shall use its best efforts to obtain the consent to the sale of the holders of any mortgages or deeds of trust on the Property (if applicable). Partnership shall convey the Project to City by means of a grant deed. The costs of such sale shall be apportioned between Partnership and City according to the custom then in effect in Sacramento County, California. The following shall apply to the sale of the Project : (i) the sale of the Project shall be on an as-is, where-is basis, without representation or warranty, except such representations or warranties as are customarily included in a grant deed in California; and (ii) rents, insurance, taxes and debt service then due and payable shall be apportioned as of the day the grant deed is actually recorded in the official records of Sacramento County, California.

7. Quitclaim Deed and Termination of Option. Upon termination of the Option and Refusal Right, City agrees, upon Partnership's request, to (a) execute and deliver to Partnership a quitclaim deed, releasing all of City' right, title and interest in and to the Option and Refusal Right, within thirty (30) days after termination of the Option Term and Refusal Right Term, as applicable, and (b) execute, acknowledge and deliver such other documents as may be reasonably required by Partnership's title company to remove the cloud of the Option and Refusal Right from title to the Project.

8. Assignment. City may assign all or any of its rights under this Agreement, without consent, to (a) a qualified nonprofit organization, as defined in Section 42(h)(5)(C) of the Code, or (b) another agency of the City of Rancho Cordova. Prior to any other assignment or proposed assignment of its rights hereunder, City shall give written notice thereof to the Partnership, the General Partner, the Managing General Partner, and the Limited Partner. Upon any permitted assignment hereunder, references in this Agreement to City shall mean the permitted assignee where the context so requires, subject to all applicable conditions to the effectiveness of the rights granted under this Agreement and so assigned. No assignment of City's rights hereunder shall be effective unless and until the permitted assignee enters into a written agreement accepting the assignment and assuming all of City's obligations under this Agreement and copies of such written agreement are delivered to the Partnership, the General Partner, the Managing general Partner, and the Limited Partner. Except as specifically permitted herein, City's rights hereunder shall not be assignable.

9. Notices. Notices, demands and communications between the parties shall be in writing and shall be served personally or by depositing the same in the certified United States mail, return receipt requested, post prepaid, to the parties at the following addresses:

City: The City of Rancho Cordova
 2729 Prospect Park Drive
 Rancho Cordova, CA 95670
 Attention: City Manager [or designee]
 Attention: Housing Services Administrator
 Facsimile: (916) 851-8787

Partnership:
 General Partner:

Managing General Partner:

Limited Partner:

or to such address as either party may have furnished to the other in writing as a place for the service or notice. Any notice so mailed shall be deemed to have been given on the delivery date, or the date that delivery is refused by the addressee, as shown on the return receipt.

10. Attorneys' Fees. In the event of any action or proceeding at law or in equity between any of the parties hereto to enforce any provision of this Agreement or to protect or establish any right or remedy of either party hereunder, the unsuccessful party to the litigation shall pay to the prevailing party all costs and expenses, including, without limitation, reasonable attorneys' fees incurred therein by the prevailing party, and if the prevailing party recovers judgment in any action or proceeding, the costs, expenses and attorneys' fees shall be included in and as part of the judgment.

11. Miscellaneous.

(a) Partnership and City each represent and warrant that none has had or will have any dealings with any person, firm, broker or finder in connection with the negotiation of this Agreement and/or the consummation of the transactions contemplated hereby. Each party hereto hereby agrees to indemnify and hold harmless the other party from and against costs, expenses of liabilities for compensation, commissions or charges which may be claimed by any broker, finder or similar party by reason of any actions of the indemnifying party.

(b) The rights and obligations of Partnership and City under this Agreement shall inure to the benefit of, and bind the respective successors and assigns.

(c) The captions used herein are for convenience of reference only and are not part of this Agreement and do not in any way limit or amplify the terms and provisions hereof.

(d) Time is of the essence of each and every agreement, covenant and condition of this Agreement.

(e) This Agreement shall be interpreted in accordance with, and governed by, the laws of the State of California.

(f) This Agreement constitutes the entire agreement by and between Partnership and City with respect to the subject matter hereof, and supersedes all prior offers and negotiations, oral and written. This Agreement may not be amended or modified in any respect whatsoever except by an instrument in writing signed by Partnership and City.

(g) This Agreement shall be recorded in the Official Records of Sacramento County, California.

SIGNATURES ON FOLLOWING PAGE(S)

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

THE CITY OF RANCHO CORDOVA,
a California municipal corporation

By: _____

Name: _____

Title: _____

ATTEST:

By: _____

APPROVED AS TO FORM:

By: _____

PARTNERSHIP:

Exhibit A**LAND**

(Attach legal description.)

State of California)
)
 County of _____)

On _____, 20__, before me, _____, (here insert name and title of the officer), personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

State of California)
)
 County of _____)

On _____, 20__, before me, _____, (here insert name and title of the officer), personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

MEMORANDUM

DATE: February 18, 2014

TO: Honorable Mayor and Council Members

FROM: Cyrus Abhar, Public Works Director
Mark Thomas, Senior Engineer



SUBJECT: APPROVE RESOLUTION AUTHORIZING THE SECOND AMENDMENT TO THE TRANSIT OPERATIONS AND MANAGEMENT AGREEMENT WITH SACRAMENTO REGIONAL TRANSIT

RECOMMENDATION

Approve Resolution No. 11-2014 authorizing the City Manager to sign an amendment that will extend the operations and management of Rancho Cordovan service provided by Sacramento Regional Transit (Sac RT).

RESULT OF RECOMMENDED ACTION

Sacramento Regional Transit will commit to providing the continuation of Rancho Cordovan services at the rates proposed in the 2009 contract agreement between the City and Sac RT. Sac RT will also commit to service future expansions under the same cost structure.

BACKGROUND

An RFP for transit services was processed in the last quarter of 2013. The RFP review team with representatives from Roseville, Elk Grove, SACOG and the City recommended that we reject the bids and pursue the continuation of our current contract with Sacramento Regional Transit. The current contract structure was deemed the best deal for the City.

On January 21, 2014, City Council recommended that staff pursue a contract amendment that would guarantee the rates for the remaining 5 years of the contract and allow for future service expansion. The City Attorney and public works staff prepared an amendment to the contract and Sac RT has agreed to sign the amendment.

ATTACHMENTS

1. Resolution 11-2014.
2. Contract 64-2009-2.

ATTACHMENT 1**CITY OF RANCHO CORDOVA****RESOLUTION NO. 11-2014****A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RANCHO CORDOVA
AUTHORIZING THE SECOND AMENDMENT TO THE TRANSIT OPERATIONS AND
MANAGEMENT AGREEMENT WITH SACRAMENTO REGIONAL TRANSIT**

WHEREAS, at the direction of City Council, a Request for Proposals for Cordovan service was conducted to determine if we could improve quality and reduce costs for the service; and

WHEREAS, the RFP for Cordovan transit services was conducted in the last quarter of 2013; and

WHEREAS, the RFP review team recommended the City reject the bids and pursue the continuation of our current contract with Sacramento Regional Transit as the current contract structure was deemed the best deal for the City; and

WHEREAS, On January 21, 2014, City Council recommended that staff pursue a contract amendment that would guarantee the rates for the remaining 5 years of the contract and allow for future service expansion.

NOW, THEREFORE, BE IT HEREBY RESOLVED THE CITY COUNCIL OF THE CITY OF RANCHO CORDOVA does authorize the City Manager to execute Contract Amendment No. 64-2009-02 with Sacramento Regional Transit in a form approved by the City Attorney.

PASSED AND ADOPTED by the City Council of the City of Rancho Cordova on the ____ day of _____, 2014 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Dan Skoglund, Mayor

ATTEST:

Mindy Cuppy, CMC, City Clerk

**SECOND AMENDMENT TO THE TRANSIT OPERATIONS AND MAINTENANCE
AGREEMENT BETWEEN THE CITY OF RANCHO CORDOVA AND
SACRAMENTO REGIONAL TRANSIT DISTRICT**

This Second Amendment to the Transit Operations and Maintenance Agreement ("Second Amendment") is made by and between the City of Rancho Cordova (the "City"), and Sacramento Regional Transit District ("RT"), as of _____, 2014. The City and RT are hereinafter collectively referred to as the "Parties."

RECITALS

WHEREAS, the City received a grant from the Federal Transit Administration ("FTA") (Grant No. CA-95-X029-00) to operate a public transit commuter shuttle service; and

WHEREAS, the Parties entered into a Transit Operations and Maintenance Agreement ("Agreement") on June 11, 2009 for the purpose of providing transportation management, maintenance, and operation services for the City's commuter shuttle service; and

WHEREAS, the Parties amended the Agreement on March 25, 2010 ("First Amendment") to authorize RT to draw down grant funds, as available, to pay for amounts due from the City to RT under the Agreement; and

WHEREAS, this Second Amendment will amend the Time Period, Maximum Obligation and Scope of Work Change sections in the Agreement; and

WHEREAS, the Parties agree that changes to these sections provided for in the Agreement are necessary in order for the City to continue receiving services by RT and increase the level of service for the City's commuter shuttle service if desired.

NOW, THEREFORE, the Parties hereto agree as follows:

AGREEMENT

Section 1: TIME PERIOD

Section 3 of the Principle Agreement, entitled "Time Period," is hereby amended to delete the last two (2) paragraphs in their entirety and replace them with the following:

"The term for the remainder of this Agreement shall end on June 30, 2019, unless earlier terminated, as provided in Section 19."

Section 2: MAXIMUM OBLIGATION

Section 4 of the Agreement, entitled "Maximum Obligation," is hereby amended to delete the last two (2) sentences in their entirety and replace them with the following:

"For all other years under this Agreement, the total consideration payable for each year shall be calculated pursuant to Section 5 of this Agreement."

Section 3: CHANGES IN SCOPE-OF-WORK

Section 40 of the Agreement, entitled "Changes in Scope-of-Work," is hereby amended to delete the second paragraph in its entirety and replace it with the following:

"The City reserves the right to increase the annual revenue vehicle hours up to 8,500. The City and RT agree that RT will be compensated for the increase in annual revenue vehicle hours pursuant to the price formula under Section 5 of the Agreement and Exhibit C. Line 5 under Exhibit C, "Total Annual Costs," provides projected annual costs taking into consideration the service levels anticipated for the years of the Agreement. The "Total Annual Costs" in Exhibit C shall not serve as a maximum in compensation or services under this Agreement. The excess in "Projected Annual Revenue Vehicle Hours," not reflected in Exhibit C, will be compensated using the price formula under Section 5 of the Agreement."

Section 4: FULL FORCE AND EFFECT

All other terms and conditions in the Agreement and the First Amendment shall remain in full force and effect to the extent they are not in conflict with this Second Amendment.

IN WITNESS WHEREOF, the Parties have executed this Second Amendment on the day and year first above written.

CITY OF RANCHO CORDOVA

PROFESSIONAL

Ted A. Gaebler, City Manager

Michael R. Wiley, General Manager/CEO

Date:_____

Date:_____

Attest:

Mindy Cuppy, CMC, City Clerk

Date:_____

Approved as to Form:

Adam Lindgren, City Attorney

Date: _____

2224638.1

MEMORANDUM



DATE: February 18, 2014

TO: Honorable Mayor and Council Members

FROM: Elizabeth Sparkman, Senior Engineer
Cyrus Abhar, Public Works Director

SUBJECT: RESOLUTION 9-2014 TO RESCIND REQUIREMENT TO INSTALL DUAL PLUMBED RECYCLED WATER SYSTEM (PURPLE PIPE)

RECOMMENDATION

Adopt Resolution No. 9-2014.

RESULT OF RECOMMENDED ACTION

Adoption of this Resolution will cease the requirement conditioned on new development to install a dual plumbed recycled water system, commonly referred to as purple pipe, in the City of Rancho Cordova.

BACKGROUND

On February 6, 2006, City Council adopted Resolution No. 11-2006 with the intent to establish a large-scale recycled water program in Rancho Cordova and imposed a condition of approval for new developments requiring the installation of a purple pipe recycled water system.

At a Workshop held in City Hall on January 14, 2014, staff from the City, the Sacramento County Regional Sanitation District (SCRSD), and the Sacramento County Water Agency (SCWA) presented updated information on alternative options and associated costs of providing reclaimed water to new developing areas of the City. The first alternative considered by SCRSD was a potential Scalping Plant with piping to a distribution point at an estimated cost of \$192 million. The second option considered by SCRSD was a potential centralized alternative from the Sacramento Regional Water Treatment Plant (SRWTP) with a conceptual pipeline alignment about 24 miles to a distribution point at an estimated cost of \$195 million. The alternative presented by SCWA was the potential to use the remediated water from the Aerojet GET facility at a cost of \$60 million.

All of the costs referenced above are planning level estimates of the major infrastructure required to deliver reclaimed water to a single distribution point. The costs presented did not include additional costs for installing the piping from the distribution point to each of the individual developing areas, nor the costs of operations and maintenance. There is currently no funding identified to cover the infrastructure required to deliver remediated water to the new developing areas of the City.

After considerable discussion from Council Members present, with input from SCRSD, SCWA, City staff, and members of the audience, it was determined that while water recycling provides an environmentally responsible water supply for irrigation and other non-potable uses, and may be feasible for those parts of the County located closer to the SRWTP, it is not economically feasible as a source of water for the City of Rancho Cordova. Council Members present provided direction to bring this item before the Council to discontinue the requirement to install purple pipe. Council also directed staff to monitor future changes in the field of water recycling technology and if new cost effective methods are developed, to reintroduce the topic to the Council for possible reconsideration of the City policy. Adoption of the attached Resolution would immediately rescind previously adopted Resolution No. 11-2006 and eliminate the requirement to install purple pipe in the City of Rancho Cordova.

ATTACHMENT

Resolution No. 9-2014

CITY OF RANCHO CORDOVA

RESOLUTION NO.9-2014

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RANCHO CORDOVA
CEASING THE REQUIREMENT TO INSTALL PURPLE PIPE**

WHEREAS, on February 11, 2006, the City Council adopted Resolution No. 11-2006 which imposed a condition of approval for minor subdivision, major subdivision, nonresidential development and other discretionary land use approvals to install a “purple pipe” recycled system; and

WHEREAS, the Sacramento Regional County Sanitation District (SRCSD) and the Sacramento County Water Agency (SCWA) have evaluated the opportunities and feasibility of providing recycled water to the City of Rancho Cordova; and

WHEREAS, based on the presentation of information, including the cost of infrastructure, by SRCSD, SCWA, and City staff at a workshop held on January 14, 2014, reclaimed water is considered economically infeasible as a source for the City of Rancho Cordova; and

WHEREAS, it is the intent of this Resolution to rescind Resolution No. 11-2006 and cease the requirement to install purple pipe in the City of Rancho Cordova.

NOW, THEREFORE, BE IT HEREBY RESOLVED THE CITY COUNCIL OF THE CITY OF RANCHO CORDOVA does hereby rescind Resolution No. 11-2006 and cease the requirement to install purple pipe in the City of Rancho Cordova.

PASSED AND ADOPTED by the City Council of the City of Rancho Cordova on the ____ day of ____, 2014 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Dan Skoglund, Mayor

ATTEST:

Mindy Cuppy, CMC, City Clerk

MEMORANDUM

DATE: *February 18, 2014*

TO: Honorable Mayor and Council Members

FROM: Michelle Mingay, Sr. Finance Analyst

SUBJECT: **ORDINANCES REINSTATING THE ANNUAL PROGRAM FEE INFLATIONARY ADJUSTMENTS FOR CERTAIN PLAN AREA DEVELOPMENT IMPACT FEE PROGRAMS AND CHANGING THE ANNUAL ADJUSTMENT DATE STARTING IN 2015**



RECOMMENDATION

Introduce and waive first reading of Ordinances 4-2014 and 5-2014, reinstating the annual program fee inflationary adjustments and changing the adjustment date for the following plan area development impact fee programs:

- Villages of Zinfandel Special Plan Area
- Sunrise Douglas Community Plan Area

RESULT OF RECOMMENDED ACTION

Adoption of these Ordinances will reinstate the annual Construction Cost Index (CCI) inflationary fee adjustment for certain Plan Area Development Impact Fee Programs without making up for the suspension of past adjustments, and changes the adjustment date from March 1st to January 1st starting in 2015 to be consistent with other fee programs.

BACKGROUND

The City collects and administers development impact fees, which are one-time capital charges collected on new building permits. These fees are used to mitigate the cost of new development by funding capital improvements needed to serve the new development.

On March 1 of each year, these fees are adjusted using the Construction Cost Index (the "CCI"). The index adjustment allows the City to keep pace with construction cost increases and inflation. Due to the economic downturn in the housing market within the region over the last few years, the City Council has adopted ordinances suspending these annual adjustments.

The suspension of these adjustments started in 2009, and has remained in place over the last five years, with the suspended inflationary adjustments due to be recaptured as part of the March 1, 2014 impact fee adjustments. While the 2014 cost index increased 3.85 percent, adding the suspended adjustment amounts would result in per unit program fee increases of 19.38 percent for 2014. Applying the full program fee adjustment while we are still recovering from the economic downturn would likely have a negative impact on development projects.

With this in mind, staff recommends the reinstatement of the annual program fee adjustment, but rather than making up for the past suspended years, staff is requesting the fees only be increased for the current year adjustment. The proposed adjustment only includes the change in the CCI from January 2013 to January 2014, or a 3.85 percent adjustment. Because these are specific plan fee programs, this recommendation will not result in a funding shortfall for City constructed projects, but rather reduces the amount of funding available to reimburse developers for infrastructure they have constructed. This recommendation is in line with recent action by the County Board of Supervisors who approved reinstating their annual adjustments without making up for the suspension of past adjustments.

Below is a breakdown of the current fees, the proposed fees with a 1 year adjustment and the fees had the prior suspensions been fully recovered:

Fee	Current Rate (2008 \$)	Staff Recommendation	Make-up Adj. 19.38%
		Current Adj. 3.85%	
Sunrise Douglas (SD) Fee Program			
Roadway	12,890.33	13,386.90	15,387.90
Transit Shuttle	70.74	73.47	84.45
Supplemental Offsite Water	1,254.07	1,302.38	1,497.05
Interim Sewer	864.72	898.03	1,032.26
Park *	6,945.69	7,213.26	8,291.46
Admin **	825.96	857.78	985.99
Total Fee Program	\$ 22,851.51	\$ 23,731.82	\$ 27,279.11
Total Increase		\$ 880.31	\$ 4,427.60
Villages of Zinfandel (VOZ) Fee Program			
Roadway	269.03	279.39	321.17
Admin **	8.07	8.38	9.64
Total Fee Program	\$ 277.10	\$ 287.77	\$ 330.81
Total Increase		\$ 10.67	\$ 53.70

* Nexus Based - Individual project vary by Development Agreement requirements

** Admin fee is 3.75% of fee total for SD Fee Program and 3% for VOZ Fee Program

In an effort to move all of our fee programs to a January 1st adjustment date, these Ordinances also change the annual adjustment date from March to January starting in 2015. As future fee programs are created and/or modified, staff will ensure any annual adjustments reflect the January 1st date.

ATTACHMENTS

1. Ordinance No. 4-2014 – Villages of Zinfandel Special Plan Area.
2. Ordinance No. 5-2014- Sunrise Douglas Community Plan Area.

ATTACHMENT 1**CITY OF RANCHO CORDOVA****ORDINANCE NO. 4-2014**

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF RANCHO CORDOVA
REINSTATING THE ANNUAL PROGRAM FEE ADJUSTMENT OF EACH FEE CATEGORY
WITHIN THE VILLAGES OF ZINFANDEL SPECIAL PLAN AREA AND CHANGING THE
ANNUAL ADJUSTMENT DATE STARTING 2015**

THE CITY COUNCIL OF THE CITY OF RANCHO CORDOVA DOES ORDAIN AS FOLLOWS:

Section 1. Section 16.81.140 of Chapter 16.81, Title 16 of the Rancho Cordova City Code is hereby amended to read as follows:

16.81.140 ANNUAL PROGRAM FEE ADJUSTMENT

- A. Beginning March 1, 2014, the Finance Director shall authorize the adjustment of the Program Fee per Development Unit for each type of development in each fee category as follows:
1. A "mean" index will be computed by averaging the index for 20 U.S. cities within the index for San Francisco by resort to the January issue of the Engineering News Record magazine Construction Cost Index of the year in which the calculation is being made.
 2. An adjustment factor shall be computed by dividing the "mean" index as calculated in subsection (1) of this section by the "mean" index for the previous January.
 3. The adjusted Program Fee per Development Unit shall be calculated by multiplying the adjustment factor by the Program Fee per Development Unit in place prior to the annual adjustment.
- B. Beginning January 1, 2015, and thereafter each year no later than January 15, the Finance Director shall authorize the adjustment of the Program Fee per Development Unit for each type of development in each fee category as follows:
1. "mean" index will be computed by averaging the index for 20 U.S. cities within the index for San Francisco by resort to the most recent October issue of the Engineering News Record magazine Construction Cost Index.
 2. An adjustment factor shall be computed by dividing the "mean" index as calculated in subsection (1) of this section by the "mean" index for the previous October.
 3. The adjusted Program Fee per Development Unit shall be calculated by multiplying the adjustment factor by the Program Fee per Development Unit in place prior to the annual adjustment.

Section 2. Severability.

If any provision of this Ordinance or the application thereof to any person or circumstances is held invalid, such invalidity shall not affect other provisions or applications of the Ordinance which can be given effect without the invalid provision or application, and to this end the provisions of this Ordinance are severable. This City Council declares that it would have adopted this Ordinance irrespective of the invalidity of any particular portion thereof and intends that the invalid portions should be severed and the balance of the Ordinance be enforced.

Section 3. Effective Date and Publication.

Within fifteen (15) days from and after adoption, this Ordinance shall be published once in the Grapevine Independent, a newspaper of general circulation printed and published in Sacramento County and circulated in the City of Rancho Cordova, in accordance with California Government Code Section 36933.

PASSED AND ADOPTED by the City Council of the City of Rancho Cordova on the ____ day of _____, 2014 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Dan Skoglund, Mayor

ATTEST:

Mindy Cuppy, CMC, City Clerk

ATTACHMENT 2

CITY OF RANCHO CORDOVA

ORDINANCE NO. 5-2014

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF RANCHO CORDOVA
REINSTATING THE ANNUAL PROGRAM FEE ADJUSTMENT OF EACH FEE CATEGORY
WITHIN THE SUNRISE DOUGLAS COMMUNITY PLAN AREA AND CHANGING THE
ANNUAL ADJUSTMENT DATE STARTING 2015**

THE CITY COUNCIL OF THE CITY OF RANCHO CORDOVA DOES ORDAIN AS FOLLOWS:

Section 1. Section 16.83.200 of Chapter 16.83, Title 16 of the Rancho Cordova City Code is hereby amended to read as follows:

16.83.200 ANNUAL PROGRAM FEE ADJUSTMENT

- A. Beginning March 1, 2014, the Finance Director shall authorize the adjustment of the Program Fee per Development Unit for each type of development in each fee category as follows:
1. A "mean" index will be computed by averaging the index for 20 U.S. cities within the index for San Francisco by resort to the January issue of the Engineering News Record magazine Construction Cost Index of the year in which the calculation is being made.
 2. An adjustment factor shall be computed by dividing the "mean" index as calculated in subsection (1) of this section by the "mean" index for the previous January.
 3. The adjusted Program Fee per Development Unit shall be calculated by multiplying the adjustment factor, as calculated in subsection (2) of this section, by the Program Fee per Development Unit in place prior to the annual adjustment.
 4. The Estimated Cost of the Facilities used in the Capital Improvement Program and for calculating credits and reimbursements pursuant to Sections 16.83.150, 16.83.160, 16.83.170, and 16.83.180 shall be adjusted annually using the same adjustment factor pursuant to subsections (1), (2) and (3) of this section.
- B. Beginning January 1, 2015, and thereafter each year no later than January 15, the Finance Director shall authorize the adjustment of the Program Fee per Development Unit for each type of development in each fee category as follows:
1. A "mean" index will be computed by averaging the index for 20 U.S. cities within the index for San Francisco by resort of the most recent October issue of the Engineering News Record magazine Construction Cost Index.
 2. An adjustment factor shall be computed by dividing the "mean" index as calculated in subsection (1) of this section by the "mean" index for the previous October, and if a new Program fee has been adopted after October of the previous year, the adjustment factor shall be computed by dividing the "mean" index from the month that the fee was adopted.

3. The adjusted Program Fee per Development Unit shall be calculated by multiplying the adjustment factor, as calculated in subsection (2) of this section, by the Program Fee per Development Unit in place prior to the annual adjustment.
4. The Estimated Cost of the Facilities used in the Capital Improvement Program and for calculating credits and reimbursements pursuant to Sections 16.83.150, 16.83.160, 16.83.170, and 16.83.180 shall be adjusted annually using the same adjustment factor pursuant to subsections (1), (2) and (3) of this section.

Section 2. Severability.

If any provision of this Ordinance or the application thereof to any person or circumstances is held invalid, such invalidity shall not affect other provisions or applications of the Ordinance which can be given effect without the invalid provision or application, and to this end the provisions of this Ordinance are severable. This City Council declares that it would have adopted this Ordinance irrespective of the invalidity of any particular portion thereof and intends that the invalid portions should be severed and the balance of the Ordinance be enforced.

Section 3. Effective Date and Publication.

Within fifteen (15) days from and after adoption, this Ordinance shall be published once in the Grapevine Independent, a newspaper of general circulation printed and published in Sacramento County and circulated in the City of Rancho Cordova, in accordance with California Government Code Section 36933.

PASSED AND ADOPTED by the City Council of the City of Rancho Cordova on the ____ day of _____, 2014 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Dan Skoglund, Mayor

ATTEST:

Mindy Cuppy, CMC, City Clerk

MEMORANDUM



DATE: February 18, 2014

TO: Honorable Mayor and Council Members

FROM: Elizabeth Sparkman, Senior Engineer
Cyrus Abhar, Public Works Director

SUBJECT: ORDINANCE AMENDMENTS TO ELIMINATE NORTH VINEYARD WELL PROTECTION FEE AND GROUNDWATER OPTIMIZATION FEE

RECOMMENDATION

Waive the first reading and introduce Ordinance No. 2-2014 and Ordinance No. 3-2014.

RESULT OF RECOMMENDED ACTION

Adoption of these Ordinances will revise Ordinance SZC-2002-0014 by deleting conditions 24 and 25 and Ordinance SZC-2002-0015 by deleting conditions 23 and 24 as they relate to the establishment and collection of fees for the North Vineyard Well Protection Insurance Program and the Groundwater Optimization Program.

BACKGROUND

Significant widespread groundwater contamination emanating from the Aerojet and Boeing (Inactive Rancho Cordova Test Site) project sites prevented the development of local groundwater supplies to support the planned growth in the Sunrise-Douglas area. Project proponents for the SunRidge Specific Plan area worked with the Sacramento County Water Agency (SCWA) to identify an acceptable source of potable water that could meet the initial needs of the project and not accelerate groundwater contamination plume movement or interfere with any future remedy. Because of the unique nature of providing water to the project area, the Sacramento County Board of Supervisors established two fee programs deemed necessary to mitigate the higher cost of providing water and water supply infrastructure needed for the area. These fees are described in Ordinance No. SZC-2002-0014 and SZC-2002-0015 (SunRidge Ordinances) and were adopted by the County on July 17, 2002. These two fees included the "North Vineyard Well Insurance Program" and the so called "Groundwater Optimization Program" and were initially set at the rate of \$380 per EDU, and \$1,000 per EDU, respectively.

In 2009, SCWA filed suit against GenCorp and the Boeing Corporation (Aerojet/Boeing) for damages related to groundwater contamination. In the course of the settlement, Aerojet committed to provide 8,900 acre-feet annually of remediated water to the SCWA and in exchange as a condition of the final settlement in 2011, the SCWA was directed to reimburse impacted developers for fees previously collected and to terminate collection of these fees. Based on the requirements of the settlement agreement, SCWA requested that the Rancho Cordova City Council revise Ordinance SZC-2002-0014 by deleting conditions 24 and 25 and

Ordinance SZC-2002-0015 by deleting conditions 23 and 24 as they relate to the establishment and collection of fees for the North Vineyard Well Protection Insurance Program and the Groundwater Optimization Program.

REQUESTED MOTION

"I move that the City Council introduce and waive the first reading of Ordinance No. 2-2014 and Ordinance No. 3-2014."

ATTACHMENTS

1. Ordinance No. 2-2014 including Exhibit A.
2. Ordinance No. 3-2014 including Exhibit A.

ATTACHMENT 1

CITY OF RANCHO CORDOVA

ORDINANCE NO. 2-2014

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF RANCHO CORDOVA
AMENDING CONDITIONS OF APPROVAL RELATED TO THE COLLECTION OF A NORTH
VINEYARD WELL PROTECTION FEE AND GROUNDWATER OPTIMIZATION FEE INCLUDED
IN A LAND USE REZONING ORDINANCE FOR THE SUNRIDGE SPECIFIC PLAN AREA**

RECITALS

WHEREAS, on July 17, 2002, the County of Sacramento ("County") adopted Resolution No. 2002-0901, establishing the SunRidge Specific Plan ("SRSP"); and

WHEREAS, on July 17, 2002, the County adopted Ordinance No. SZC-2002-0014, attached hereto as Exhibit "A", changing land use zones within the SRSP; and

WHEREAS, the zoning changes were conditioned upon compliance with a number of requirements set forth in Section 3, "Exhibit C" to Ordinance No. SZC-2002-0014; and

WHEREAS, due to the widespread groundwater contamination emanating from the Aerojet and Boeing project sites, SRSP developers worked with the Sacramento County Water Agency ("SCWA") to identify an acceptable source of potable water that could meet the needs of the proposed project that would not accelerate groundwater contamination plume movement or interfere with any future remedy; and

WHEREAS, because of the unique nature of providing water to the SRSP project area, the County established two fee programs deemed necessary to mitigate the higher cost of providing water and water supply infrastructure for the area; and

WHEREAS, pursuant to Conditions 24 and 25 of "Exhibit C" to Ordinance No. SZC-2002-0014, the County created certain conditions for the establishment of a North Vineyard Well Protection Program and a Groundwater Optimization program and collection of fees required to be paid by development within the SRSP; and

WHEREAS, on July 1, 2003, the City of Rancho Cordova ("City") incorporated; and

WHEREAS, the Sunridge Specific Plan Area is located entirely within the incorporated boundaries of the City; and

WHEREAS, pursuant to Ordinance No. 21-2003, the City adopted by reference the Sacramento County Zoning Code, including those provisions relating to the SRSP; and

WHEREAS, pursuant to Ordinance No. 27-2008, the City adopted a Zoning Code Update that completely replaced the City's existing Zoning Code and all provisions therein, with the exception of the eight existing Special Planning Areas (SPAs), as identified on the Rancho Cordova Zoning Map and depicted in an attachment to that Ordinance; and

WHEREAS, the Sunridge Specific Plan Area is one of the existing SPAs that was excluded from the Zoning Code Update and therefore the provisions of SCZ-2002-0014 still exist for the City by prior reference; and

ATTACHMENT 1

WHEREAS, the County has requested that the City revise Zoning Ordinance No. SZC-2002-0014 by deleting conditions 24 and 25 as they relate to the establishment and collection of fees for the North Vineyard Well Protection Insurance Program and the Groundwater Optimization Program.

THE CITY COUNCIL OF THE CITY OF RANCHO CORDOVA DOES ORDAIN AS FOLLOWS:

Section 1. Condition No. 24 of Exhibit "C" to SZC-2002-0014, incorporated by prior reference to the Rancho Cordova Zoning Code, is hereby amended to read as follows:

"Condition No. 24 has been repealed at the request of the County of Sacramento,"

Section 2. Condition No. 25 of Exhibit "C" to SZC-2002-0014, incorporated by prior reference to the Rancho Cordova Zoning Code, is hereby amended to read as follows:

"Condition No. 25 has been repealed at the request of the County of Sacramento,"

Section 3. Severability

If any provisions of this Ordinance or the application thereof to any person or circumstances is held invalid, such invalidity shall not affect other provisions or applications of the Ordinance which can be given effect without the invalid provision or application, and to this end the provisions of this Ordinance are severable. This City Council declares that it would have adopted this Ordinance irrespective of the invalidity of any particular portion thereof and intends that the invalid portions should be severed and the balance of the Ordinance be enforced.

Section 4. Effective Date

Within fifteen (15) days after adoption, a Summary of this Ordinance shall be published once in the Grapevine Independent, or the Sacramento Bee, a newspaper of general circulation printed and published in Sacramento County and circulated in the City of Rancho Cordova, in accordance with Government Code Section 36933. This Ordinance shall take effect and be enforced thirty (30) days after its adoption.

PASSED AND ADOPTED by the City Council of the City of Rancho Cordova on the _____ day of _____, 2014 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Dan Skoglund, Mayor

ATTEST:

Mindy Cuppy, CMC, City Clerk

2231786.1

Control No.: 93-0243
SunRidge Specific Plan
Sunrise Douglas Property Owners

ORDINANCE NO. SZC 2002- 0014

**AN ORDINANCE OF THE BOARD OF SUPERVISORS
OF SACRAMENTO COUNTY AMENDING THE
ZONING CODE OF SACRAMENTO COUNTY,
ORDINANCE NO. 83-10, AS AMENDED,
CHANGING THE LAND USE ZONE OF CERTAIN PROPERTY KNOWN AS
ASSESSOR'S PARCEL NOS. 067-0030-006, 009, 012-015, 017-019, 027; 067-0040-004, 005,
012-016; 067-0090-011, 014, 016, 017, 022-025; 072-0300-003, 004; AND 072-0370-016**

The Board of Supervisors of the County of Sacramento, State of California, ordains as follows:

SECTION 1: Section 101-116 of the Zoning Code of Sacramento County, Ordinance No. SZC 83-10, as amended, which incorporates Comprehensive Zoning Plan Unit Nos. 308/212, 324/212, and 324/224 is amended to change the land use zone of the property described in Exhibits "A" and "B", which are attached hereto and incorporated herein as though set forth in full ("Subject Property"), and which is also commonly referred to and known as Assessor Parcel Nos. 067-0030-006, 009, 012-015, 017-019, 027; 067-0040-004, 005, 012-016; 067-0090-011, 014, 016, 017, 022-025; 072-0300-003, 004; and 072-0370-016, from the AG-20, AG-80, and M-1 Land Use Zones to the AG-20, RD-4, RD-5, RD-7, RD-10, RD-20, SC, LC, and O Land Use Zones for 2,605± acres, as depicted on Exhibit "B".

SECTION 2: The change in the Land Use Zone for the Subject property provided for in Section 1 hereof shall be subject to, and conditioned upon, compliance with all the conditions set forth in Exhibit "C", which is attached hereto and incorporated herein as though set forth in full.

SECTION 3: The conditions set forth in Exhibit "C" and incorporated herein shall run with the land and shall be directly enforceable by the County against the owner(s), successors and assigns of the Subject Property.

SECTION 4: The Board of Supervisors finds in connection with its adoption of this ordinance, and the imposition of the conditions enumerated in Exhibit "C" hereof and incorporated herein, that the owners of the Subject Property, or authorized representatives of the owners, have consented to the imposition of the conditions enumerated in Exhibit "C" hereof. This consent is memorialized in Exhibit "D" which is attached hereto and incorporated herein as though set forth in full.

SECTION 5: This ordinance shall take effect and be in full force on thirty (30) days from the date of its passage, and before expiration of fifteen (15) days from the date of its passage it shall be published once with the names of the members of the Board of Supervisors voting for and against the same, said publication to be made in a newspaper of general circulation published within the County of Sacramento, State of California.

On a motion by Supervisor Collin, seconded by Supervisor Dickinson, the foregoing ordinance was passed and adopted by the Board of Supervisors of the County of Sacramento, State of California, this 17th day of July, 2002, by the following vote, to wit:

AYES: Supervisors Collin, Dickinson, Niello, Nottoli

NOES: Supervisors None

ABSENT: Supervisors Johnson



(SEAL)

ATTEST: Cindy H. Turner

Don Nottoli
CHAIRPERSON, Board of Supervisors
County of Sacramento, California

APPROVED
BOARD OF SUPERVISORS

JUL 17 2002

Cindy H. Turner
By Cindy H. Turner
Clerk of the Board

Recorded & Indexed
July 17, 2002
County of Sacramento, California

JUL 17 2002

Leith Grunwaldt
Deputy Clerk, Board of Supervisors

DP:dp
or930243

AGENDA ITEM 9.2

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

STATE OF CALIFORNIA

COUNTY OF
SACRAMENTO

On July 25, 2002, before me, Marcia Faith Grunwaldt, personally appeared Cindy H. Turner, personally known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her authorized capacities, and that by her signature on the instrument the person, or the entities upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

Marcia Faith Grunwaldt

**OPTIONAL SECTION**

Though statute does not require the Notary to fill in the data below, doing so may prove invaluable to persons relying on the document.

INDIVIDUAL
CORPORATE
OFFICER(S)

Title(s)

PARTNER(S)
LIMITED
GENERAL
ATTORNEY-IN-FACT
TRUSTEE(S)
GUARDIAN
CONSERVATOR
OTHER: Clerk of the
Board of Supervisors

SIGNER IS REPRESENTING
Name of Person(s) or
entity(ies): County of
Sacramento

OPTIONAL SECTION

DATA REQUESTED HERE
IS NOT REQUIRED
BY LAW.

TITLE OR TYPE OF DOCUMENT: Ordinance No. SZC-2002-0014
NUMBER OF PAGES: 46 pages (includes attachments)
DOCUMENT DATE: July 17, 2002
SIGNER(S) OTHER THAN NAMED ABOVE _____

EXHIBIT "A"
DESCRIPTION FOR THE
REZONE OF THE
SUNRISE-DOUGLAS SPECIFIC PLAN AREA

All that certain real property situate in all of Section 20, Section 17 and fractional Section 8 as shown and so designated on the Record of Survey filed for record in Book 40 of Surveys, at Page 44 of the Official Records of Sacramento County and a portion of fractional Section 9 and 10 and a portion of Sections 15 and 16, Township 8 North, Range 7 East, Mount Diablo Meridian, County of Sacramento, State of California being more particularly described as follows:

Beginning at the Southeast Corner of said Section 20 with grid coordinates of (N)1954141.73 feet, (E)6783649.16 feet, of Zone 2 of the California State Coordinate System; thence from said **Point of Beginning** along the South line of said Section 20 (1) South 89°45'10" West a distance 5310.18 feet to the Southwest Corner of said Section 20 with grid coordinates of (N)1954119.18 feet, (E)6778341.47 feet, of said Zone 2; thence leaving said South line (2) North 00°37'01" West a distance of 5292.24 feet along the West line of said Section 20 to the Northwest corner of said Section 20 with grid coordinates of (N)1959410.34 feet, (E)6778282.49 feet of said Zone 2; thence leaving said West line of said Section 20 along the West line of said Section 17 (3) North 00°32'51" West a distance of 2631.92 feet to the West One-Quarter of said Section 17; thence continuing along said West line (4) North 00°56'11" West a distance of 2330.52 feet to the Southeast corner of that certain Parcel recorded in that certain deed recorded in Book 20000103, Page 0679 of said Official records; thence leaving said West line (5) South 89°03'03" West a distance of 91.47 feet along the Southerly line of said Parcel; thence continuing along said Southerly line (6) South 89°53'02 East a distance of 84.15 feet to the most Southwesterly line of said Parcel; thence along the Westerly line of said Parcel the following five (5) courses and distances:

1. (7) North 41°32'41 West, 964.48 feet;
2. (8) North 28°34'38" West, 80.97 feet;
3. (9) North 46°44'36" West, 531.54 feet;
4. (10) North 00°22'57" East, 350.00 feet;
5. (11) North 00°23'57" West, 588.60 feet to a point situate on the South line of Rancho Rio De Los Americanos as shown on that Record of Survey recorded in Book 18 of Surveys, Page 4 of said Official Records;

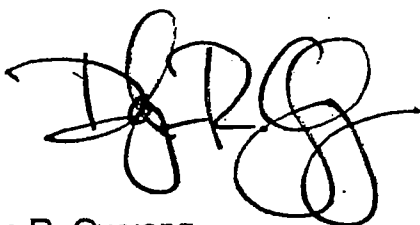
thence along said South line the following seven (7) courses and distances:

1. (12) South 89°37'03" East, 1213.85 feet;
2. (13) South 89°41'24" East, 990.31 feet;

3. (14) South 89°37'59" East, 1558.39 feet;
4. (15) South 89°37'18" East, 803.53 feet;
5. (16) North 89°37'32" East, 1946.91 feet to the One-Quarter common to said Section 8 and 9;
6. (17) North 89°23'08" East, 5280.76 feet to the Section corner common to said Sections 9 and 10;
7. (18) South 89°23'01" East, 835.09 feet to the southeast corner of said Rancho Rio De Los Americanos;

thence leaving said South line (19) North 28°35'28" East a distance of 380.95 feet along the east line of said Rancho Rio De Los Americanos to the most southerly point of Parcel 1 as shown and so designated on that certain Parcel Map filed for record in Book 29 of Parcel Maps, at Page 28 of said Official Records; thence along the West line of said Parcel Map (20) North 00°57'33" West a distance of 4255.84 feet to the Northwest corner of Parcel 2 of said Parcel Map; thence leaving said West line along the Northerly line of said Parcel 2 (21) North 89°02'27" East a distance of 1129.60 feet to a point on the West line of Parcel 7 of said Parcel Map; thence leaving said North line along the West line of said Parcel 7 (22) North 00°57'33" West a distance of 497.45 feet to the Northwest corner of said Parcel 7; thence leaving said West line (23) North 89°02'27" East a distance of 1129.00 feet to the Northeast corner of said Parcel 7; thence leaving said North line along the East line of said Parcel 7 (24) South 00°57'33" East a distance of 769.38 feet along the East line of said Parcel 7 to a point on said Rancho Rio De Los Americanos; thence along said East line of said Rancho Rio De Los Americanos (25) South 28°35'28" West a distance of 3955.19 feet to the Northwest corner of Government Lot 3 of the Government Land Ordinance Plat; thence along the West line of said Government Lot 3 (26) South 00°49'50" East a distance of 878.63 feet to the South line of the North 26.48 acres of Government Lot 3 as described in Book 991014, Page 626; thence along said South line (27) North 89°12'32" East a distance of 1319.67 feet to the Northwest corner of the South 107 acres of the Southeast One-Quarter of Section 10 per that Record of Survey recorded in Book 32 of Surveys, page 27 of said Official Records; thence along the North line of said South 107 acres (28) South 89°46'23" East a distance of 2642.23 feet to a point on the East line of said Section 10; thence leaving said North line (29) South 00°50'42" East a distance of 1763.48 feet to the Southeast corner of said Section 10; thence leaving the East line of said Section 10 and along the East line of said Section 15 (30) South 00°50'42" East a distance of 3447.24 feet to the Northeast corner of a 646.20 acre Parcel as shown on the Record of Survey filed in Book 19 of Surveys at Page 11; thence along the North line of said 646.20 acre Parcel (31) South 89°53'05" West a distance of 5283.75 feet to the Northwest corner of said 646.20 acre Parcel; thence leaving said North line (32) North 00°55'55" West a distance of 2526.79 feet; thence leaving said West line (33) South 89°34'29" West a distance of 5288.73 feet to a point on the East line of said Section 17; thence along said East line (34) South 00°44'19" East a distance of 1712.98 feet to the East One-Quarter of said Section 17; thence along the East line of said Section 17

(35) South $00^{\circ}44'16''$ East a distance of 2645.67 feet to the Southeast corner of said Section 17 with grid coordinates (N) 1959418.20 feet, (E) 6783579.29 feet of said Zone 2; thence leaving the East line of said Section 17 and along the East line of said Section 20 (36) South $00^{\circ}45'30''$ East a distance of 5277.67 feet to the Point of Beginning and containing 2636.00 acres of land, more or less.



Douglas R. Owyang
Expires June 30, 2005

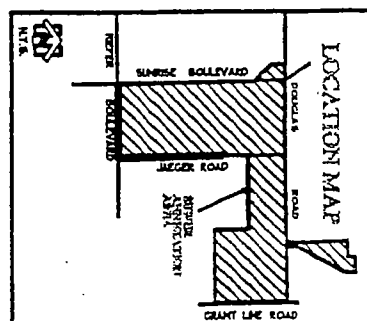
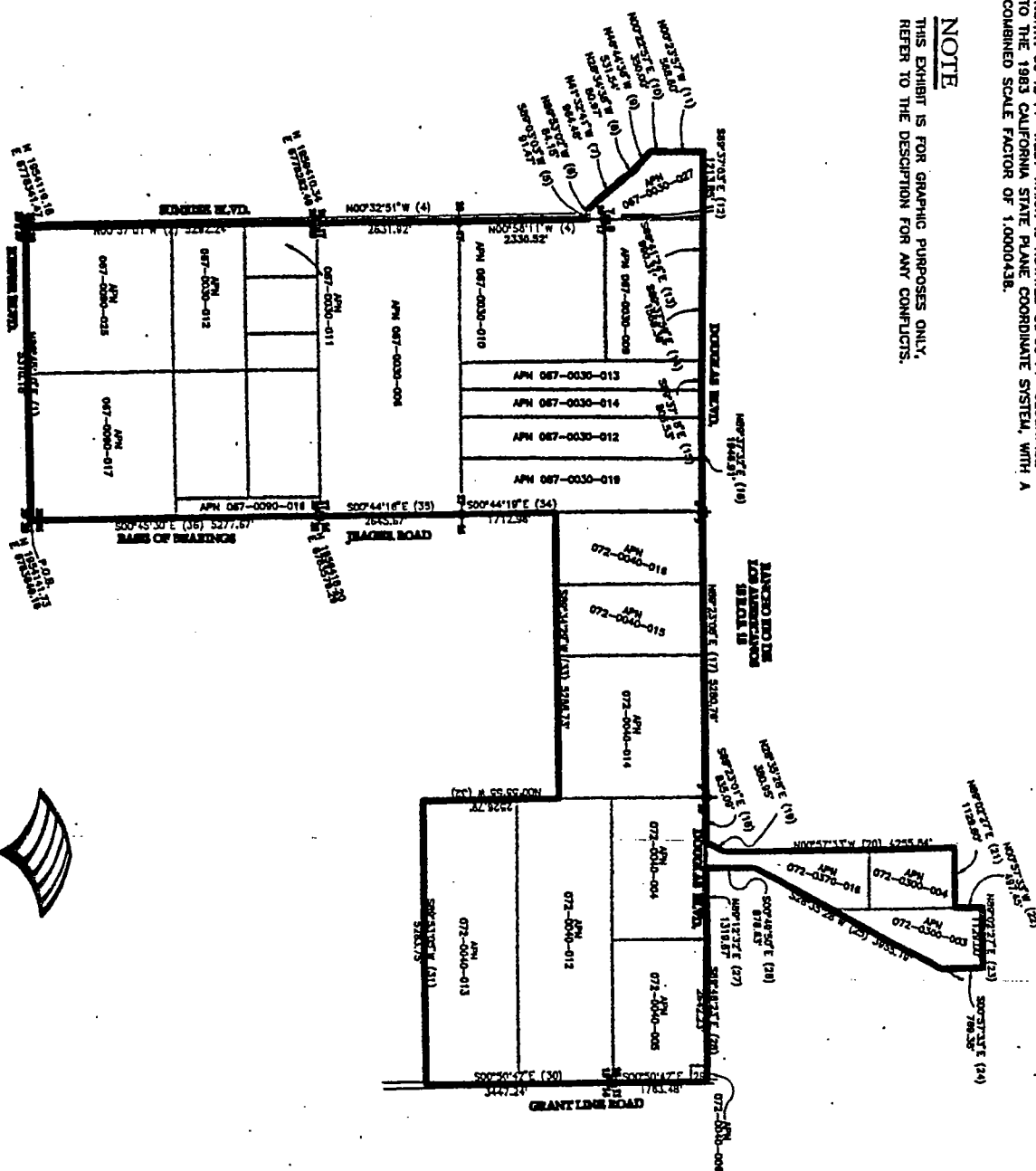


PREPARED BY WOOD RODGERS, INC
SACRAMENTO, CALIFORNIA

Basis of bearings for this description was that certain Record of Survey filed in Book 40 of Surveys, at Page 44 of said Official Records. Bearings were then rotated $00^{\circ} 00' 14''$ clockwise to the 1983 California State Plane coordinate System, Zone 2, by field ties to 1st order control monuments pursuant to LAFCO requirements.

THE BASIS OF THE BEARINGS FOR THIS DESCRIPTION IS BASED ON THE EAST LINE OF SECTION 20, T.8 N., R. 9 E. M.D.M., AS SHOWN ON THAT RECORD OF SURVEY FILED IN BOOK 40 OF SURVEYS, PAGE NO. 44. OFFICIAL RECORDS OF SACRAMENTO COUNTY, AS ESTABLISHED BY FOUND MONUMENTS SHOWN HEREIN, THE BEARING OF WHICH IS NORTH 07°43'44" WEST WHICH IS ROTATED 0°00'14" CLOCKWISE TO THE 1983 CALIFORNIA STATE PLANE COORDINATE SYSTEM, WITH A COMBINED SCALE FACTOR OF 1.0000438.

**THIS EXHIBIT IS FOR GRAPHIC PURPOSES ONLY,
REFER TO THE DESCRIPTION FOR ANY CONFLICTS.**



AGENDA ITEM 9.2

EXHIBIT "A"
EXHIBIT EXHIBIT

SITUATE IN ALL OF SECTION 20 AND SECTION 17
AND FRACTIONAL SECTIONS 8, 9 AND 10,
PORTIONS OF SECTIONS 15 AND 16,
TOWNSHIP 8 NORTH, RANGE 7 EAST, M.D.M.
COUNTY OF SACRAMENTO, STATE OF CALIFORNIA.

PAGE 4 OF 4

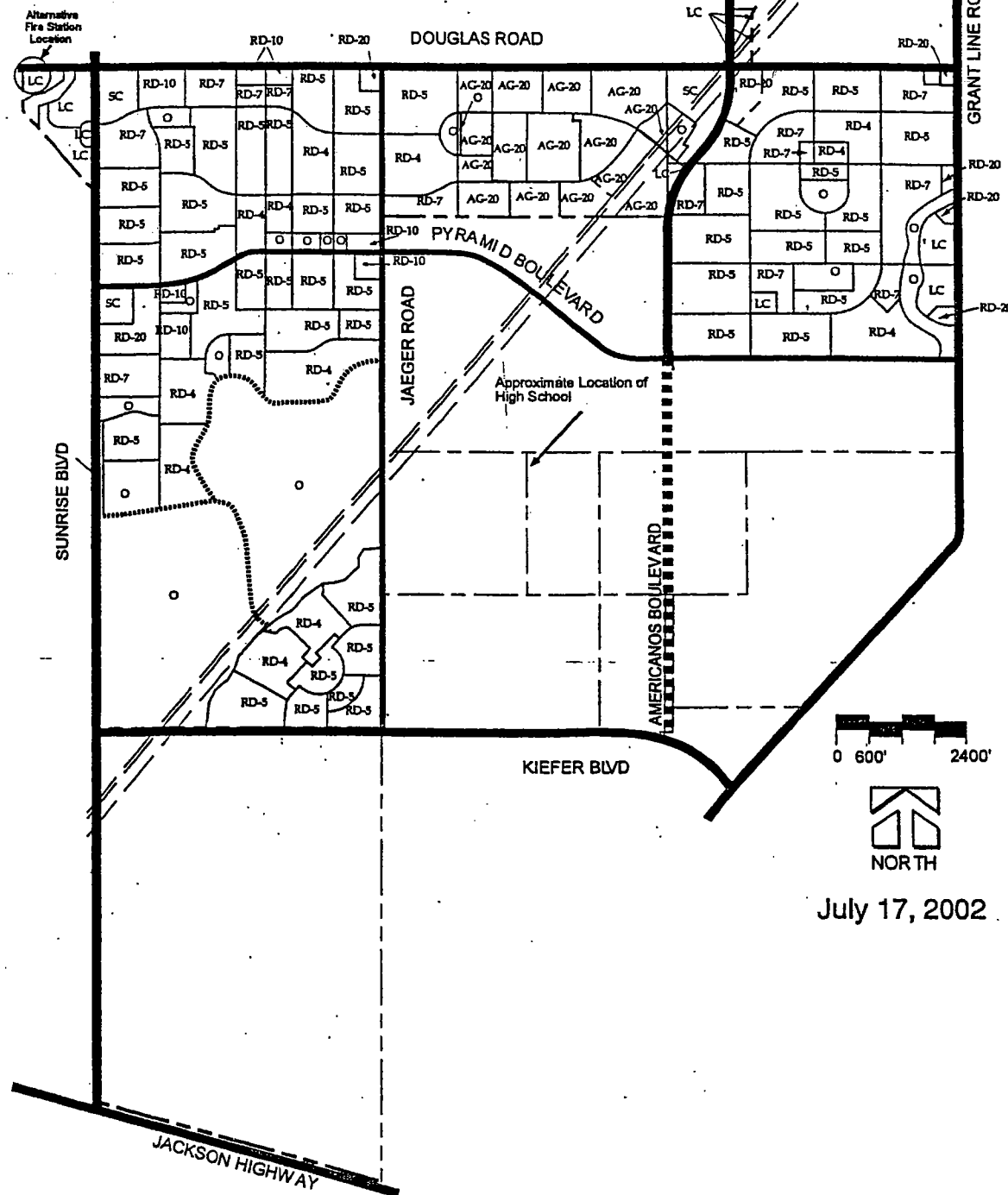
ENGINEERING • MAPPING • PLANNING • SURVEYING
3301 C St., Bldg. 100-B
Sacramento, CA 95816
Tel 916.341.7760
Fax 916.341.7767

Exhibit "B"

EXHIBIT A

SunRidge Specific Plan

Zoning



July 17, 2002

EXHIBIT "C"

- (a) Street improvements and drainage facilities shall be of the type and shall be constructed and installed as specified below.

Transportation Improvements

1. Development within the SunRidge Specific Plan area shall be obligated to participate in fair share funding for freeway, transit, and rail improvements. This fair share obligation shall be met through the payment of Road and Transit Development Fees, and through the establishment and payment of fees into a Public Facilities Financing Plan.
2. Participate on a fair share basis in any program implemented by the County, Caltrans, or other local agencies to reduce vehicle travel on Sunrise Boulevard, White Rock Road, and other congested roadways in the area.
3. Widen Sunrise Boulevard from White Rock Road to Douglas Road from four lanes to six lanes, and from Douglas Road to Jackson Highway from two lanes to four lanes. This widening should occur when traffic volumes reach 90 percent of capacity of a four-lane facility, or 32,400 daily vehicles, and 90 percent of capacity of a two-lane facility or 16,200 daily vehicles.
4. Widen Douglas Road from Americanos Boulevard to access roads approximately 1,500 feet west of Sunrise Boulevard from two lanes to four lanes. This improvement would increase capacity on Douglas Road to accommodate primarily project-generated traffic. This widening should occur when traffic volumes reach 90 percent capacity for a two-lane facility, or 16,200 vehicles.
5. On a "fair share" basis satisfactory to the County Transportation Department, widen Folsom Boulevard to six lanes between Mather Field Road and Coloma Road to accommodate existing and project generated traffic.
6. If feasible at the intersection of Mather Field Road and International Drive under future conditions, on a fair share basis determined by the County Transportation Department, construct dual left-turn lanes on the westbound approach, and a free right-turn lane on the northbound approach.
7. Development in the Specific Plan and Community Plan shall contribute fair-share funding toward the future construction of a 6-lane extension of Jaeger Road from Douglas Road to US 50.

8. Dedicate rights-of-way for arterial and thoroughfare streets consistent with the requirements of the SunRidge Specific Plan prior to approval of tentative subdivision maps that include building lots.

Transportation Improvement Phasing Requirements

9. No more than a cumulative total of 2,000 residential building lots shall be recorded in final maps within the SunRidge Specific Plan prior to the commencement of construction of the eight roadway and one pedestrian/bicycle improvement projects included as Phase 1 bond eligible circulation improvement projects in Figure 17 of the SunRidge Public Facilities Financing Plan ("nine priority projects"), except that the Board of Supervisors may approve final subdivision maps for additional residential building lots within the SunRidge Specific Plan subsequent to a report prepared or approved by the Department of Transportation if it determines that all nine priority projects are expected to be completed prior to traffic generated by said 2,000 residential building lots and that development of more than 2,000 lots will not result in unacceptable traffic congestion or safety problems. Any traffic studies required by County in support of such determination shall be paid for by the final map applicant. For purposes of these conditions 9, 10, 11, and 12 the term "commencement of construction" shall be deemed satisfied if there is a fully executed contract for construction of the improvement, all agreements and bonds required by such contract and the County of Sacramento have been delivered to the appropriate party designated by such contract, and the owner has delivered a "48 Hour Notice to Proceed" to the contractor pursuant to the terms of said contract.
10. No more than a cumulative total of 3,025 residential building lots shall be recorded in final maps within the SunRidge Specific Plan prior to commencement of construction of the twenty-four roadway and one pedestrian/bicycle improvement projects included for SunRidge funding as Phase 1 circulation improvement projects in Figure A-2 of the SunRidge Public Facilities Financing Plan, except that the Board of Supervisors may approve final subdivision maps for additional residential building lots within the SunRidge Specific Plan if it determines that all twenty-four roadway projects and one pedestrian/bicycle project are expected to be completed prior to traffic generated by said 3,025 residential building lots and that development of more than 3,025 lots will not result in unacceptable traffic congestion or safety problems. Any traffic studies required by County in support of such determination shall be paid for by the final map applicant. In the event that the three intersection improvements (Sunrise Blvd./SR-16, Sunrise Blvd./Grantline Rd., and Grantline Rd./SR-16) indicated in Figure A-2 as 100% financed by other sources require supplementary funding, the SunRidge Specific Plan will advance such funding to assure timely construction prior to recording more than 3,025 building lots and will be eligible for reimbursement from the other funding sources if and when available.
11. No more than a cumulative total of 3,025 residential building lots shall be recorded in final maps within the SunRidge Specific Plan prior to the commencement of construction

of the Zinfandel Drive extension from International Drive to Douglas Road with a minimum of two continuous traffic lanes on both the Mather and Villages of Zinfandel properties, except that the Board of Supervisors may approve final subdivision maps for additional residential building lots within the SunRidge Specific Plan if it determines that the Zinfandel Drive extension is expected to be completed prior to traffic generated by said 3,025 residential building lots and that development of more than 3,025 lots will not result in unacceptable traffic congestion or safety problems. Any traffic studies required by County in support of such determination shall be paid for by the final map applicant

12. No more than a cumulative total of 6,500 residential building lots shall be recorded in final maps within the SunRidge Specific Plan prior to the commencement of construction of the following circulation improvements in addition to the Phase 1 projects listed in Figure A-2 of the SunRidge Public Facilities Financing Plan:

- a. At least two continuous traffic lanes of the proposed Sunrise Boulevard reliever thoroughfare extending from the vicinity of Douglas Road to Highway US-50 and including freeway interchange access. This requirement may be satisfied by the construction of an alternative thoroughfare alignment determined to be functionally equivalent by the Department of Transportation (e.g., the extension of Jaeger Road, Americanos Boulevard, or Grantline Road to US-50).
- b. Six traffic lanes on Sunrise Boulevard from Douglas Road to SR-16.
- c. Four traffic lanes on Douglas Road from the Folsom South Canal bridge to Grantline Road.
- d. Four traffic lanes on Pyramid Boulevard from Sunrise Boulevard to Americanos Boulevard.
- e. Four traffic lanes on Americanos Boulevard from Douglas Road to Pyramid Boulevard.
- f. Four traffic lanes on SR-16 from Bradshaw Road to Sunrise Boulevard.
- g. Second phase intersection improvements to SR-16/Bradshaw Road, SR-16/Excelsior Road, and SR-16/Eagles Nest Road.

An exception to the above stated requirement is that the Board of Supervisors may approve final subdivision maps for additional residential building lots within the SunRidge Specific Plan if it determines the projects described as 4(a) through 4(g) above are expected to be completed prior to traffic generated by said 6,500 residential building lots and that development of more than 6,500 lots will not result in unacceptable traffic congestion or safety problems. Any traffic studies required by County in support of such determination shall be paid for by the final map applicant.

13. In order to promote the orderly development of the major roadway circulation system in the SunRidge Specific Plan and to minimize traffic and safety problems resulting from discontinuous improvements on arterial and thoroughfare streets serving the traffic from individual development projects, all final maps and associated improvement plans for SRSP subdivisions will be reviewed to determine the adequacy of the SunRidge

circulation system improvements currently in place. The County's Transportation Planning and Land Development/Site Improvement Review Sections will determine if additional roadway improvements within the SRSP are required beyond those proposed with final maps/improvement plans. In such determinations, the developer will be required to augment the construction of roadway improvements located on or adjacent to his/her property with other roadway improvements located within SRSP. The matrix of SRSP Onsite Roadway Improvement Phasing Requirements indicated in Table 1 and keyed to the SunRidge Financing Plan's Roadway CIP is advisory with regard to the particular roadway improvements and traffic criteria to be considered for the development of parcels within each SRSP ownership group as identified in the SRSP Land Use Allocation Table.

Drainage

14. Development within the Sunrise Douglas Plan area shall implement the improvements described in the Final Master Drainage Study for the Sunrise Douglas Community Plan Area (Final MDS) (Spink Corporation, October 16, 1998), as amended by the "Amendment to Final Master Drainage Study, Sunrise Douglas Community Plan Area" (Amendment) (MHM Engineers & Surveyors, October 19, 2001), or any subsequent amendment thereof approved by the County Water Resources Department. Such improvements shall be designed to ensure that post-development peak (100-year) flows do not exceed existing peak flows and do not exceed the capacity of the two Folsom South Canal overchutes at Lower Morrison Creek, to the satisfaction of the County Water Resources Department (WRD). Construction of the improvements may be phased as described in the Final MDS and subject to the approval of the WRD, so long as the project proponent(s) provide hydrologic/hydraulic analyses which demonstrate that the phased improvements will reduce peak flows to at least pre-development levels and to the capacity of the Folsom South Canal overchutes, to the satisfaction of the WRD.

Detailed plans for the design and construction of all proposed drainage, flood control and water quality improvements, consistent with the Final MDS and Amendment, shall be submitted to the County WRD for review and approval.

Any plans for the design and construction of channels and/or detention basins within the Sares-Regis (now AKT/Anatolia) wetland preserve area not already permitted by the US Army Corps of Engineers (COE) shall also be subject to the approval of the COE.

Plans for the design and construction of any joint-use park/detention facilities shall also be subject to the approval of the Park District.

15. Development within the Sunrise Douglas Plan area shall provide stormwater quality source and treatment measures consistent with Volume 5 of the City/County Drainage Manual. The final design of such source and treatment control measures shall be subject to the approval of the County WRD.

16. Implementation of the improvements, or any phase thereof, described in the Final Master Drainage Study for the Sunrise Douglas Community Plan Area (Final MDS) (Spink Corporation, October 16, 1998), as amended by the "Amendment to Final Master Drainage Study, Sunrise Douglas Community Plan Area" (Amendment) (MHM Engineers & Surveyors, October 19, 2001), shall not occur until the following items have been submitted to the Sacramento County Board of Supervisors for review and approval:

- a. A wetland delineation for the improvement area verified by the U.S. Army Corps of Engineers.
- b. A detailed mitigation plan for wetlands to be impacted by the proposed improvements which specifically describes the measures which will be implemented to achieve no net loss in wetland habitat acreage and values.
- c. Determinate surveys of the improvement area for potentially occurring special status species.
- d. A detailed mitigation plan developed in cooperation with the regulatory resource agencies (US Army Corps of Engineers, US Fish and Wildlife Service and California Department of Fish and Game) which is designed to reduce impacts of the proposed improvements on any special status species identified in the determinate surveys to a less than significant level.
- e. A vegetation/tree survey for the improvement area which identifies any existing marsh and riparian habitat.
- f. A detailed vegetation/tree replacement planting plan which describes the planting/relocation measures to be implemented to provide in-kind replacement plantings on an inch-for-inch basis for any riparian and marsh habitat which will be impacted by the proposed improvements.

17. Implementation of the Final MDS and Amendment improvements, or any phase thereof, shall not occur until all necessary permits and/or agreements for the proposed improvements have been obtained from the US Army Corps of Engineers, US Fish and Wildlife Service and California Department of Fish and Game.

(b) The additional conditions with which Owners shall comply, are as follows:

1. Zoning shall be in accordance with Exhibit "K" (which is also reflected in Exhibit "B" attached to this ordinance), tentatively approved by the Board of Supervisors on June 19, 2002, and finally approved in the accompanying ordinance, attached hereto.

Finance

2. Property owners shall fully comply with and participate in the "Public Facilities Financing Plan for the SunRidge Specific Plan," including any fees and assessments adopted by the Board of Supervisors to implement that Plan. An "Implementation Finance Plan" shall be adopted by the Board prior to any development within the SunRidge Specific Plan area.
3. Property owners shall participate in a Landscaping & Lighting Act district, a Community Facilities District, or equivalent financing mechanism, to fund park maintenance and operations as required by the Cordova Recreation and Park District.
4. Park sites shall be improved by the developer in conjunction with project development and as required by the Cordova Recreation and Park District prior to turning park sites over to the local park district ("turnkey" park development); turnkey parks will be accompanied by credits against the Quimby Act or Finance Plan park fee component.
5. The SunRidge Specific Plan shall have a targeted goal of a 30% reduction in daily vehicle trips. In support of that goal, the SunRidge Specific Plan shall participate in a County Service Area (CSA), or an equivalent financing mechanism to the satisfaction of the Board of Supervisors, for the purpose of funding a variety of transportation demand management strategies, including but not limited to a transit shuttle service, which will contribute SunRidge's targeted 30% reduction in daily vehicle trips.

The Purpose of this CSA, or equivalent financing mechanism, is to fund programs and services implement trip reduction measures that improve mobility and coincidentally reduce air quality impacts, including but not limited to:

- incentives for alternative mode use
- programs encouraging people to work close to where they live
- on-site transportation coordinators
- school trip pool programs
- maintenance and improvement of the Folsom South Canal bikeway
- transit shuttle system

The budget for the CSA (or equivalent financing mechanism) shall include a component to insure that annual monitoring is performed to evaluate the effectiveness of the

programs and services, including the progress in achieving the goal of a 30% reduction in daily vehicle trips.

Any strategy implemented through the CSA or equivalent financing mechanism may be revised or discontinued if a strategy is proven to be ineffective with annual monitoring. Additional strategies may be implemented as appropriate to assist in achieving a 30% reduction in daily vehicle trips.

Avigation Easement

6. Prior to the issuance of any building permits, provide an "avigation easement" in a form approved by County Counsel to the County of Sacramento designed to notify property owners of the aviation operations at Mather Airport. The avigation easement shall grant the right of flight and unobstructed passage of all aircraft into and out of Mather Airport and shall be in the form set forth in the Specific Plan.

Construction Mitigation

7. All construction allowed under, and pursuant to the Specific Plan shall include standard mechanisms for mitigation of construction related nuisances including, restrictions on the hours of construction activities, restrictions on noise levels associated with construction equipment, watering and/or other dust control at all construction sites, County approval of proposed construction storage and staging areas (including employee parking). All construction sites shall be required to continuously post visible signage providing a name, address, and 24-hour phone number for information and/or complaints regarding the construction activities. This may be a County number if applicable.

Odor/Rendering Plant

8. No building permits shall be issued for construction of residential or commercial structures (except for model home permits) within the Specific Plan area until, at a minimum, the odor control equipment and improvements described in the report entitled "An Odor Control System Review of SRC Facilities With Recommendations for Comprehensive Containment and Treatment of Process and Fugitive Odors," dated June 2000 and prepared by Carl M. Petersen, Ph.D., SCP Control, Inc., as revised and supplemented by the document entitled "Comments Directed To Dr. Carl M. Petersen's Report," prepared by Dr. Fred D. Bisplinghoff and submitted under cover letter dated February 22, 2001 (collectively the "Report") have been installed and are operational. For purposes of this condition, "operational" shall mean that a permit to operate has been issued by the Sacramento Metropolitan Air Quality Management District (SMAQMD).

Any portion of the cost for the odor mitigation equipment and/or improvements to be installed pursuant to this condition, that is to be paid by the applicants, shall be paid to the

County (irrespective of any subsequent incorporation) for disbursement pursuant to a disbursement agreement, in form and substance approved by the County Counsel, for the purpose of assuring application of the funds for mitigation purposes, as described in the Report (as defined in this condition).

Electricity/Gas Utilities/Fire Protection

9. Future development project applicants(s) shall address and resolve project-related electrical facility issues through close coordination with SMUD in project planning and development. The applicant(s) shall grant any necessary right-of-way for installation of electrical facilities. Coordination with SMUD shall occur and any required agreements shall be established prior to issuance of necessary permits or approvals for the project. Reserve substation sites as required by SMUD.
10. To promote the safe and reliable maintenance and operation of utility facilities, the California Public Utilities Commission (PUC) has mandated specific clearance requirements between utility facilities and surrounding objects or construction activities. To ensure compliance with these standards, future development project applicant(s) shall coordinate with PG&E early in the development of their plans. Any proposed development plans shall provide for unrestricted utility access and prevent easement encroachments that might impair the safe and reliable maintenance and operations of PG&E's facilities.
11. Residential design in all subdivisions shall adhere, to the greatest practical extent, to the SMUD Energy Efficiency/Load Management Measures for Residential New Construction.
12. Building permits for no more than 1640 dwelling units shall be issued within the combined SunRidge Specific Plan and Mather Specific Plan areas until a fire station is constructed and equipped, as required by the Sacramento Metropolitan Fire District.
13. Future development projects shall comply with the following design measures:
 - a. Cul-de-sacs shall not exceed 150-feet in length where possible, in order to facilitate emergency vehicle response throughout the development area. Off-street bikeways, pathways, and recreational areas shall provide adequate access for fire fighting apparatus.
 - b. All development shall meet minimum water supply requirements for fire flow, by type of land use.
 - c. Accessibility for fire control shall meet the specifications of the Fire District and shall be in place during all phases of the project.

14. Future development projects shall consult with the Sheriff's Department and implement recommended crime prevention/safety development design measures to the maximum extent feasible.
15. Future development project applicants shall address and resolve issues related to the provision of telephone and cable television services within the Specific Plan area through close coordination with the applicable service provider during project planning and development.

Water Supply

16. Entitlements for urban development within the Sunrise Douglas Plan area (i.e. subdivision maps, parcel maps, use permits, building permits, etc.) shall not be granted unless agreements and financing for supplemental water supplies are in place, consistent with General Plan Policy CO-20. Based on supplemental water supplies which have been acquired to date, a development cap within the General Plan Urban Growth Areas of 12,300 equivalent dwelling units is currently in place, and approximately 6,000 equivalent dwelling units (EDUs) currently remain available under the cap. The number of EDUs available under the cap depends upon the number of entitlements approved within the Urban Growth Areas and the amount of supplemental water supplies acquired. Future entitlements for urban development within the Sunrise Douglas Plan area shall not be approved unless sufficient EDUs are available under the CO-20 development cap.
17. No tentative map shall be approved unless either:
 - (a)(1) the cumulative amount of groundwater production from the North Vineyard Well Field (NVWF) does not exceed 10,000 acre feet/year (AFA), does not result in more than a 10-foot decline in the local groundwater elevations from the baseline condition [that is, the groundwater elevations that would occur absent the NVWF project, as defined by the 70-year hydrologic trace of groundwater elevations determined by the IGSM Static Baseline Model 2000 and presented in the "Baseline Conditions for Groundwater Yield Analysis Final Report" (Montgomery Watson, May 1997) to account for fluctuations in groundwater elevation resulting from changing hydrologic conditions], and does not result in a significant effect on groundwater contaminant movement, unless the Sacramento County Water Agency (SCWA) Board of Directors determines that 1) the additional groundwater production (beyond the 10,000 AFA or 10-foot drop limit) is acceptable and consistent with the goals of the Zone 40 Conjunctive Use Program and the Water Forum Agreement; 2) the additional groundwater production (beyond the 10,000 AFA or 10-foot drop limit) will not substantially affect the migration of known contaminant plumes; and 3) impacts to shallow domestic wells in the vicinity of the well field resulting from the additional groundwater extraction (beyond the 10,000 AFA or 10-foot drop limit) will be adequately mitigated; and

EXHIBIT "D"

CONSENT OF OWNER(S) TO IMPOSITION OF REZONE CONDITIONS

I am one of the owners of that real property which is described in Exhibit "A" of this Zoning Ordinance, which is attached thereto and incorporated therein as though set forth in full ("Subject Property"), and which is also commonly referred to and known as Assessor Parcel No(s). 067-0030-006, 009, 012-019, 027; 067-0040-004, 005, 012-016; 067-0090-011, 014, 016, 017, 022-025; 072-0300-003, 004; and 072-0370-016. As the record owner or authorized representative of the Subject Property, I have applied to have the Subject Property rezoned from the AG-20, AG-80, and M-1 Land Use Zones to the AG-20, RD-4, RD-5, RD-7, RD-10, RD-20, SC, LC, and O Land Use Zones for 2,605± acres.

On behalf of myself and all other record owners of the Subject Property, I understand that certain conditions have been attached to the rezoning of the Subject Property. I acknowledge that those rezone conditions are enumerated in Exhibit "C" of this Zoning Ordinance, which is attached thereto and incorporated therein as though set forth in full ("Rezone Conditions").

On behalf of myself and all other record owners of the Subject Property, I hereby represent that I have received a copy of the Zoning Ordinance, including Exhibits "A", "B" and "C" in their entirety, and have carefully reviewed and fully understand the Rezone conditions set forth in Exhibit "C". In my capacity as owner, and authorized representative of all other record owners, of the Subject Property, I consent to the imposition of the Rezone Conditions and agree to fully comply with the Rezone Conditions.

DATED: July 3, 2002

*Angelo K. Tsakopoulos by
Eleni F. Tsakopoulos his attorney-in-*
Angelo K. Tsakopoulos
APN: 067-0030-019 *fact*

Eleni F. Tsakopoulos, his attorney-
in-fact

EXHIBIT "D"

CONSENT OF OWNER(S) TO IMPOSITION OF REZONE CONDITIONS

I am one of the owners of that real property which is described in Exhibit "A" of this Zoning Ordinance, which is attached thereto and incorporated therein as though set forth in full ("Subject Property"), and which is also commonly referred to and known as Assessor Parcel No(s). 067-0030-006, 009, 012-019, 027; 067-0040-004, 005, 012-016; 067-0090-011, 014, 016, 017, 022-025; 072-0300-003, 004; and 072-0370-016. As the record owner or authorized representative of the Subject Property, I have applied to have the Subject Property rezoned from the AG-20, AG-80, and M-1 Land Use Zones to the AG-20, RD-4, RD-5, RD-7, RD-10, RD-20, SC, LC, and O Land Use Zones for 2,605± acres.

On behalf of myself and all other record owners of the Subject Property, I understand that certain conditions have been attached to the rezoning of the Subject Property. I acknowledge that those rezone conditions are enumerated in Exhibit "C" of this Zoning Ordinance, which is attached thereto and incorporated therein as though set forth in full ("Rezone Conditions").

On behalf of myself and all other record owners of the Subject Property, I hereby represent that I have received a copy of the Zoning Ordinance, including Exhibits "A", "B" and "C" in their entirety, and have carefully reviewed and fully understand the Rezone conditions set forth in Exhibit "C". In my capacity as owner, and authorized representative of all other record owners, of the Subject Property, I consent to the imposition of the Rezone Conditions and agree to fully comply with the Rezone Conditions.

BY: AKT DEVELOPMENT CORPORATION
a California Corporation

BY: Eleni Tsakopoulos-Kounalakis
President

DATED: July 3, 2002


Sunridge Investors, LLC

APN: 067-0040-014

067-0040-015

EXHIBIT "D"

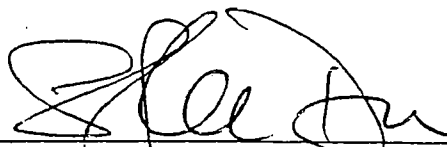
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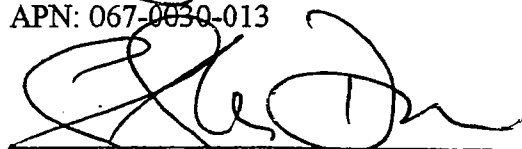
DATED:

3 July 02

Ronald R. Ringen, Sara J. Ringen,
Steven J. Slagle, and Nancy White
APN: 067-0030-012



Steven J. Slagle and Stephanie St. Amour
APN: 067-0030-013



Jaeger Corner Enterprises, a general
partnership
APN: 067-0030-015

By: Steven J. Slagle, partner



Jaeger 25, a general partnership
APN: 067-0030-017

By: Steven J. Slagle, partner

EXHIBIT "D"

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DATED: 5.09.2001

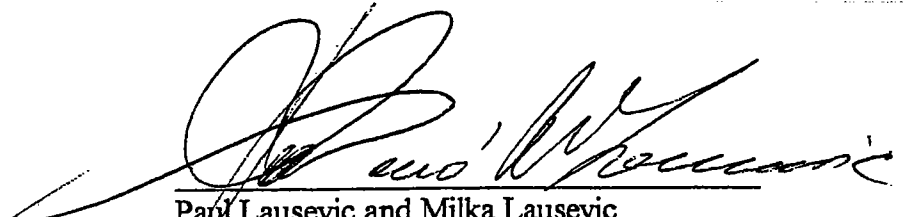

Paul Lausevic and Milka Lausevic
APN: 067-0030-014

EXHIBIT "D"

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DATED: 7-9-02

Howard E. Davis
Howard E. Davis and Virginia F. Davis
APN: 067-0030-018

EXHIBIT "D"

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DATED: 7/3/02


Mather East, a California Limited
Partnership
APN: 067-0030-027
By: Orin N. Bennett, partner

EXHIBIT "D"

CONSENT OF OWNER(S) TO IMPOSITION OF REZONE CONDITIONS

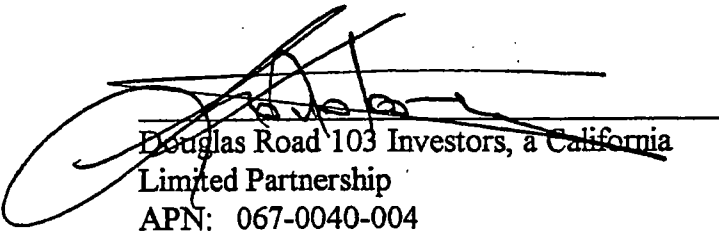
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DATED:

7/8/02



Douglas Road 103 Investors, a California
Limited Partnership

APN: 067-0040-004

By: CNM Construction Company,
General Partner

Sotiris K. Kolokotronis, President

EXHIBIT "D"

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DATED: 7-3-02



Douglas Road 98 Limited Partnership,
a California Limited Partnership
APN 067-0040-005

By: Constantino Galaxidas, partner

EXHIBIT "D"

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DATED: July 8th, 2002


Louie J. Pappas and Voufa L. Pappas
APN: 067-0040-013

Louie J. Pappas

EXHIBIT "D"

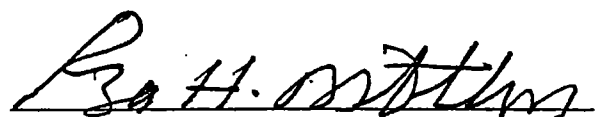
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DATED:

7-5-02

Douglas-Sunrise Investment Co., a

California Limited Partnership

APN: 067-0040-016

Reza H. Moftakar

EXHIBIT "D"

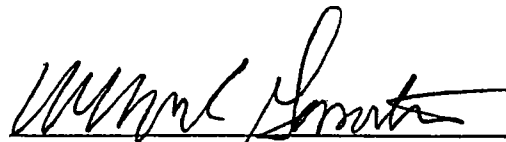
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DATED:

July 5, 2002

William E. Geisreiter, Richard E. Geisreiter
and Elsa D. Geisreiter, Trustees of the
Richard Geisreiter Trust dated October 24,
1979 (as to a 50% interest) and William E.
Geisreiter, Trustee of the Geisreiter Family
Trust dated March 16, 1999 (said 50%
interest)

APN: 067-0040-012

William E. Geisreiter, trustee

dp

zor-Exh D-930243

EXHIBIT "D"

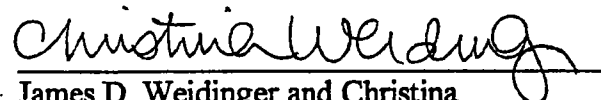
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DATED: 7-10-02



James D. Weidinger and Christina
Weidinger Revocable Trust dated December
14, 1990

APN: 072-0300-003
072-0370-016

EXHIBIT "D"

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DATED: 7/9/02

Archel C. Cupp Mary W. Cupp
Archel C. and Mary W. Cupp Family Trust
APN: 072-0300-004 *Family Trust*

- (2) the SCWA Board of Directors has determined that there is sufficient groundwater available from NVWF to serve the urban development within the SunRidge Specific Plan area for which tentative map approval is being sought; and
- (3) the SCWA Board of Directors allocates such groundwater from NVWF to said tentative map within the SunRidge Specific Plan area;

OR

- (b) the SCWA Board of Directors determines that there is sufficient water to serve the tentative map from another source.
18. The developer/applicant shall acquire property and construct groundwater extraction, treatment, pumping and water storage facilities for the SCWA and shall transfer any and all rights thereto to the SCWA. Credits and/or reimbursements due developer/applicant as a result of the construction of such facilities shall be granted pursuant to the terms of the adopted Finance Plan.
 19. No building permit shall be issued until the developer/applicant has constructed initial phase water supply facilities with sufficient capacity to deliver up to approximately 2, 265 AFA to the SunRidge Specific Plan area to the satisfaction of the SCWA.
 20. No building permits shall be issued for urban development within the SunRidge Specific Plan area that requires more than 2,265 AFA until subsequent phases of water supply facilities have been constructed that provide sufficient water to provide for such development to the satisfaction of the SCWA.
 21. Developer/applicant shall pay any SCWA development fee or development fee surcharge imposed to fund the construction of all water facilities, extraordinary water facilities and water mitigation measures attributable to development within the SunRidge Specific Plan, as determined by the Sacramento County Department of Water Resources.
 22. Municipal wells in the NVWF shall not be constructed within 800 feet of any existing private domestic well.
 23. Prior to operation of any NVWF facilities, developer/applicant shall construct groundwater monitoring wells to monitor the impacts of the NVWF operation on local groundwater elevations and groundwater contaminant movement. The number, location and design of said monitoring wells shall be subject to the approval of the Sacramento County Department of Water Resources.
 24. No tentative map shall be approved until developer/applicant enter into an agreement with the SCWA to fund a North Vineyard Well Insurance Program that will be administered by the SCWA. Said well insurance program shall include, at a minimum, the following components:

- a. Payment of a fee at the issuance of a building permit. Such fee shall be determined based on the number of private wells eligible for the program multiplied by the cost of a typical residential well construction and divided by the total number of equivalent dwelling units (edu) in the SunRidge Specific Plan. The fee is currently estimated at \$380/edu, assuming an estimated 300 eligible wells, a replacement construction cost of \$13,600 and 10,100 edu's at build-out of the SunRidge Specific Plan area;
 - b. Developer/applicant shall deposit \$380,000 in a specific account of the SCWA within 180 days after the award of a contract for the construction of the NVWF. This amount shall be credited against the well insurance program fee for up to 1,000 edu's in the SunRidge Specific Plan area;
 - c. Within 30 days after written request by the SCWA, developer/applicant shall provide sufficient funds to meet any shortfall in the insurance program; any funds advanced shall be credited against the well insurance fees for the appropriate number of edu's;
 - d. The initial fee and the maximum reimbursement for each well shall be indexed to the SCWA Zone 40 annual inflation index;
 - e. The eligibility period for well replacement funds shall begin on the date that the SCWA accepts the NVWF for operation and maintenance and shall end when there is build-out of the SunRidge Specific Plan area and there are no funds remaining in the program;
 - f. Developer/applicant shall indemnify and hold harmless the SCWA and the County for any liability in the administration and operation of the well insurance program.
25. The owner/developer shall pay the Sacramento County Water Agency up to \$1,000 per equivalent dwelling unit at the time of the building permit to fund a fair share portion of any water project(s) identified by the SCWA Board of Directors that optimizes available local groundwater resources.
26. Prior to approval of any tentative maps, sites shall be reserved for water storage and treatment facilities and for future wells to the satisfaction of the Sacramento County Department of Water Resources. Compensation for these sites will be fixed at the appraised fair market value on the date that the Specific Plan is approved by the Sacramento County Board of Supervisors.
27. Project specific CEQA review shall be conducted prior to construction of proposed water supply facilities. As part of that review, any potential noise-sensitive receptors within 4000 feet of the proposed facilities shall be identified, and project specific mitigation measures shall be identified to reduce potential construction noise impacts to less than significant levels. Project specific mitigation measures for construction noise should include the following:
- a. Construction activities shall be limited to the following hours and days:
 - Between the hours of 6:00am and 8:00pm on any weekday;
 - Between the hours of 7:00am and 8:00pm on Saturday; and

- Prohibited on Sundays and Holidays;
 - b. Construction equipment shall be properly outfitted and maintained with noise reduction devices to minimize construction-generated noise.
 - c. Stationary construction equipment shall be centrally located on site at a greatest distance possible from nearby noise-sensitive receptors. (*Mitigation Measure WS-3.*)
28. Project specific CEQA reviews shall be conducted prior to construction of proposed water supply facilities. As part of that review, surveys shall be conducted by a qualified biologist to identify the potential presence of any special-status species or sensitive habitat. If special-status species or sensitive habitats are identified within the area of the proposed water facilities and have the potential to be impacted from project construction, project-specific mitigation measures shall be identified to reduce potential impacts to less than significant levels. Project-specific mitigation measures for burrowing owls, Swainson's hawk, raptors, and sensitive habitats should include the following:

Burrowing Owl

- Prior to construction activity, focused surveys shall be conducted for burrowing owls where suitable habitat is present in the project area. Suitable habitat includes agricultural field margins, drainage ditches, and fallow fields. Surveys shall be conducted no less than 14 days and no more than 30 days prior to commencement of construction activities. Surveys shall be conducted in accordance with CDFG protocol (CDFG 1995).
- If no occupied burrows are found in the survey area, a letter report documenting survey methods and findings shall be submitted to the County and CDFG for review and approval, and no further mitigation is necessary.
- No occupied burrows shall be disturbed during the nesting season (February 1 through August 31) unless a qualified biologist verifies through non-invasive methods that juveniles from the occupied burrows are foraging independently and are capable of independent survival.
- All occupied burrows shall be avoided until the owls inhabiting the burrows have been relocated using passive exclusion techniques approved by CDFG.

Swainson's Hawk

- Prior to project construction, it shall be determined whether any construction is proposed during the Swainson's hawk nesting season (March 1 to September 15).

- If no construction will occur during the Swainson's hawk nesting season, no further mitigation is necessary.
- Prior to project construction that will occur during the nesting season, surveys shall be conducted for active Swainson's hawk nest sites within 0.25 mile of the proposed construction area. Surveys shall be conducted at the beginning of the nesting season (April 15 - April 30). All identified nest sites shall be revisited during the post-hatching stage (June 1 - June 30) to determine if the nest is still active and to record the number of juveniles present. A final nest site visit shall occur during the fledgling period (July 1 - July 31) to determine the number of juveniles that have fledged.
- If construction is planned within 0.25 mile of an active nest, the nest site shall be identified with a marker and mapped on a USGS topographic quad map. A visible exclusion zone shall be established around the portion of the construction area that occurs within 0.25 mile of the nest tree. No project construction activity shall commence within the exclusion zone between March 1 and September 15.

Raptors

- Prior to project construction, it shall be determined whether any construction or tree removal is proposed during the raptor nesting season (February 1 to August 31).
- If no construction or tree removal shall occur during the raptor nesting season, no further mitigation shall be necessary.
- If construction or tree removal is proposed during the raptor nesting season, a focused survey for raptor nests shall be conducted by a qualified biologist during the nesting season to identify active nests within 500 feet of the project area. The survey shall be conducted no less than 14 days and no more than 30 days prior to the beginning of construction or tree removal.
- If nesting raptors are found during the focused survey, no construction or tree removal shall occur within 500 feet of an active nest until the young have fledged (as determined by a qualified biologist).

Sensitive Habitats

Surveys shall be conducted by a qualified biologist to identify the potential presence of any sensitive habitats. These surveys may include the preparation of a formal delineation to determine the extent of jurisdiction Waters of the U.S. that would be filled under the proposed project. If sensitive habitats are identified within the project area and have the

potential to be impacted from project construction, project-specific mitigation measures shall be identified to reduce the potential impacts to less than significant levels.

Sewer

29. Prior to the submission of improvement plans for any development proposal within the Plan area, provide a detailed sewer design report which addresses all necessary on-site and off-site facilities to the County Water Quality Division for review and approval.
30. Implementation of off-site sewer facility improvements shall not occur until the following items have been submitted to the Sacramento County Board of Supervisors for review and approval:
 - a. A wetland delineation for the improvement area verified by the US Army Corps of Engineers.
 - b. A detailed mitigation plan for wetlands to be impacted by the proposed improvements which specifically describes the measures which will be implemented to achieve no net loss in wetland habitat acreage and values.
 - c. Determinate surveys of the improvement area for potentially occurring special status species.
 - d. A detailed mitigation plan developed in cooperation with the regulatory resource agencies (US Army Corps of Engineers, US Fish and Wildlife Service, and California Department of Fish and Game) which is designed to reduce impacts of the proposed improvements on any special status species identified in the determinate surveys to a less than significant level.
31. Implementation of off-site sewer facility improvements shall not occur until all necessary permits and/or agreements for the proposed improvements have been obtained from the US Army Corps of Engineers, US Fish and Wildlife Service, and California Department of Fish and Game.
32. In conjunction with the processing of tentative subdivision maps or other entitlements, reserve sufficient right-of-way for necessary sewer interceptors in accordance with the requirements of the Sacramento Regional County Sanitation District.
33. Interim pump stations shall be sited in a manner that will insure that they can be removed once gravity interceptors are constructed.

Air Quality

34. To reduce emissions of fugitive dust to a less-than-significant level:

- a. Exposed surfaces, graded areas, storage piles, and haul roads should be watered and kept moist at all times.
- b. Minimize the amount of disturbed area, the amount of material actively worked, and the amount of material stockpiled.
- c. Limit onsite construction vehicle speeds to 15 miles per hour.
- d. Sweep or wash paved streets adjacent to project construction sites at least once a day to remove accumulated dust.
- e. Maintain at least two feet of freeboard when transporting soil or other materials by truck.
- f. Limit the amount of actively disturbed construction area to 25 acres or less.

35. Implement the following construction-related emissions program:

A. Category 1: Reducing NOx emissions from off-road diesel powered equipment

The project shall provide a plan for approval by Sacramento Metropolitan Air Quality Management District (SMAQMD) demonstrating that the heavy-duty (> 50 horsepower) off-road vehicles to be used in the construction project, including owned, leased and subcontractor vehicles, will achieve a project wide fleet-average 20 percent NOx reduction and 45 percent particulate reduction¹ compared to the most recent CARB fleet average; and

The project representative shall submit SMAQMD a comprehensive inventory of all off-road construction equipment, equal to or greater than 50 horsepower, that will be used an aggregate of 40 or more hours during any portion of the construction project. The inventory shall include the horsepower rating, engine production year, and hours of use or fuel throughput for each piece of equipment. The inventory shall be updated and submitted monthly throughout the duration of the project, except that an inventory shall not be required for any 30-day period in which no construction activity occurs. At least 48 hours prior to the use of subject heavy-duty off-road equipment, the project representative shall provide SMAQMD with the anticipated construction timeline including start date, and name and phone number of the project manager and on-site foreman.

and:

Category 2: Controlling visible emissions from off-road diesel powered equipment

The project shall ensure that emissions from all off-road diesel powered equipment used on the project site do not exceed 40 percent opacity for more than three minutes in any one hour. Any equipment found to exceed 40 percent opacity shall be repaired immediately, and SMAQMD shall be notified within 48 hours of identification of non-compliant equipment. A visual survey of all in-operation equipment shall be made at least weekly, and a monthly summary of the visual survey results shall be submitted throughout the duration of the project, except that the monthly summary shall not be required for any 30-day period in which no construction activity occurs. The monthly summary shall include the quantity and type of vehicles surveyed as well as the dates of each survey. The SMAQMD and/or other officials may conduct periodic site inspections to determine compliance. Nothing in this section shall supersede other SMAQMD or state rules or regulations.

Acceptable options for reducing emissions may include use of late model engines, low-emission diesel products, alternative fuels, engine retrofit technology, after-treatment products, and/or other options as they become available.

36. Implement the AQ-15 Air Quality Plan which was found acceptable by the SMAQMD staff on March 22, 2002, and a summary of which is incorporated into the SunRidge Specific Plan text. Alternate measures may be substituted for those included in the AQ-15 Plan if approved by the SMAQMD.

Noise and Land Use Control

37. No residential uses shall be allowed within 500 feet of the intersection of Sunrise Boulevard and Douglas Road, for so long as the Cordova Shooting Center facility remains operational.
38. Future non-residential development projects located within 500 feet of the intersection of Sunrise Boulevard and Douglas Road should avoid the inclusion of land uses which may be particularly sensitive to gunfire noise, for so long as the Cordova Shooting Center facility remains operational.
39. No residential uses shall be allowed within 500 feet of the American River Aggregates (now Teichert Aggregates) plant boundary, for so long as the American River Aggregates facilities remain operational.

40. Future non-residential development projects located within 500 feet of the American River Aggregates plant boundary should avoid the inclusion of land uses which may be particularly sensitive to truck and plant noise, for so long as the American River Aggregates facilities remain operational.
41. Future noise-sensitive land uses proposed for development within the future 60 dB Ldn traffic noise contour shall be required to prepare an acoustical analysis, and to implement identified noise attenuation measures necessary to ensure compliance with the noise standards of the County General Plan Noise Element.
42. Future commercial, business/professional and school land uses with the potential to create noise-related land use conflicts with proximate residential uses shall be required to prepare an acoustical analysis, and to implement identified noise attenuation measures necessary to ensure compliance with the noise standards of the County General Plan Noise Element.

Biological Resources/Wetlands

43. In conjunction with the filing and processing of applications for future development entitlements (such as tentative subdivision maps or development plans) within the SunRidge Specific Plan area, such project proponents shall submit a wetland delineation for the proposed development area, and a detailed plan which describes the specific methods to be implemented to avoid and/or mitigate any project impacts upon wetlands such that no net loss in wetland habitat acreage and values is achieved. This detailed Wetland Avoidance/Mitigation Plan shall be prepared in consultation with the US Army Corps of Engineers, the USFWS, and the CDFG, and the US Environmental Protection Agency (EPA), and shall incorporate the following components:
 - a. A wetland delineation of the project site and any proposed off-site wetland preservation/creation sites(s), verified by the US Army Corps of Engineers;
 - b. The location of proposed wetland preservation, acquisition, and creation site(s);
 - c. A detailed map of proposed wetland creation site(s) showing the acreage, distribution, and type of wetlands to be created to ensure no net loss in wetland habitat acreage, values, and functions. Compensation wetlands shall be designed to:
 - Meet or exceed the hydrophytic conditions and operating functions of the existing wetlands proposed for impact;

- Mitigate the loss of special status species habitat, including fairy/tadpole shrimp, as required by the USFWS and the CDFG;
- d. A monitoring plan designed to assess whether the compensation wetlands are functioning as intended. Specific performance standards for hydrologic, floral, and faunal parameters shall be proposed to determine success of the created wetlands. The monitoring plan shall specify the corrective measures/modifications to be implemented in the event that monitoring indicates that the performance standards are not being met. Monitoring shall occur for at least five years and until success criteria are met, and as required by the US Army Corps of Engineers and the USFWS; and
 - e. A maintenance plan for the wetland preservation/mitigation areas describing the measures to be implemented to assure that they are maintained as wetland habitat in perpetuity. The maintenance plan shall address buffering from adjacent uses, fencing, access, erosion control, and weed eradication.
44. At the time applicants obtain permit(s) for future development projects which impact wetlands, alternative strategies may have been adopted to mitigate for wetland impacts. The prior condition does not preclude the implementation of these new alternatives so long as they achieve no net loss in wetland habitat acreage and values, and are determined to be acceptable to the US Army Corps of Engineers, USFWS, CDFG, and EPA.
 45. Prior to approval of any future development projects (such as tentative subdivision maps, development plans, improvement plans) within the project area, obtain all necessary US Army Corps of Engineers permits pursuant to Section 404 of the Clean Water Act, and all necessary California Endangered Species Act permits and Streambed Alteration Agreements from the CDFG, pursuant to the Fish and Game Code.
 46. The Specific Plan shall be amended, if deemed necessary by the Planning Director, following completion of wetland studies and permitting requirements on properties within the Specific Plan, to identify additional wetlands/open space requirements. Development shall be consistent with such requirements and conducted in a manner to achieve a continuous open space corridor from the westerly portion of SunRidge to the easterly/northeasterly side of SunRidge (including intervening property), including a bicycle trail system.
 47. Wetland impacts within the Sares-Regis (now AKT/Anatolia) property (Parcels B-1 through B-27, as shown on Plate LA-15 in the FEIR) shall be mitigated through compliance with all provisions of the US Army Corps of Engineers Section 404 Permit (#190110021) dated May 8, 1996, including implementation of the USFWS Biological Opinion (#1-1-96-F-0062) dated April 3, 1996 as amended by the USFWS Biological Opinion (#1-1-96-F-113) dated July 3, 1996, and the Sares-Regis Project Wetland Monitoring Plan prepared by Sugnet and Associates dated April 24, 1996. Owner of the

former Sares-Regis (now AKT/Anatolia) wetland preserve property shall establish a Habitat Maintenance Financing Program, including an initial endowment and voluntary contribution, for the Sares-Regis (now AKT/Anatolia) property to the satisfaction of the County Infrastructure Finance Section, prior to approval of improvement plans on the AKT/Anatolia property.

48. In conjunction with the filing and processing of applications for future development entitlements (such as tentative subdivision maps or development plans) within the SunRidge Specific Plan area, such project proponents shall conduct (or update) determinate surveys for potentially occurring special status species or their habitat using protocol acceptable to the regulatory agencies with authority over these species.

If any of the special status species or their habitat are indicated, a detailed plan which describes the specific methods to be implemented to avoid and/or mitigate any project impacts upon special status species to a less than significant level will be required. This detailed Special Status Species Avoidance/Mitigation Plan shall be prepared in consultation with the USFWS and CDFG, and shall emphasize a multi-species approach to the maximum extent possible.

Where project impacts include taking of a federally listed species, a Section 10 Incidental Take Permit or a Biological Opinion resulting from Section 7 Consultation with another federal agency shall be obtained from the USFWS and permit conditions implemented, pursuant to the federal Endangered Species Act.

Where project impacts include taking of a state listed species, an Incidental Take Permit shall be obtained from the CDFG and permit conditions implemented, pursuant to the California Endangered Species Act.

49. Applicants for future development projects within the project area which result in a loss of Swainson's hawk foraging habitat shall mitigate for such loss by implementing one of the following alternatives:

- a. For projects within a one mile radius of an active nest site, the project proponent shall preserve 1.0 acre of similar habitat for each acre lost within a ten mile radius of the project site. For projects within a one to five mile radius of an active nest site, the project proponent shall preserve 0.75 acre of similar habitat for each acre lost within a ten mile radius of the project site. For projects within a five to ten mile radius of an active nest site, the project proponent shall preserve 0.5 acre of similar habitat for each acre lost within a ten-mile radius of the project site. This land shall be protected through fee title or conservation easement (acceptable to the Department of Fish and Game).

- b. The project proponent shall, to the satisfaction of the CDFG, prepare and implement a Swainson's hawk mitigation plan that will include preservation of Swainson's hawk foraging habitat.
 - c. The project proponent shall submit payment of a Swainson's hawk impact mitigation fee per acre impacted to the Department of Planning and Community Development in the amount as set forth in Chapter 16.130 of the Sacramento County Code as such may be amended from time to time and to the extent that said Chapter remains in effect.
 - d. Should the County Board of Supervisors adopt a Swainson's hawk mitigation policy/program (which may include a mitigation fee) prior to implementation of one of the measures above, the project proponent may be subject to that program instead.
50. Prior to each phase of grading and construction, a pre-construction survey shall be performed between April 1 and July 31 to determine if active raptor nesting is taking place in the area. If nesting is observed, consultation with the Department of Fish and Game shall occur in order to determine the protective measures which must be implemented for the nesting birds of prey. If nesting is not observed, further action is not required.

Trees

51. In conjunction with the filing and processing of applications for future development entitlements (such as tentative subdivision maps or development plans) within the SunRidge Specific Plan area, such project proponents shall submit a survey identifying the specific type, size, and location of all existing on-site trees. Existing on-site trees shall be protected and preserved to the maximum extent feasible. Consistent with General Plan policies, the removal of any native oak tree measuring six inches or greater in diameter at breast height (dbh) and the removal of any non-oak native tree (excluding cottonwoods and willows) measuring 19 inches or greater dbh necessary to accommodate future development shall be mitigated by planting replacement trees (in-kind species on an inch-for-inch basis) within the project area. In addition, other non-native landmark size (19" or greater) may require mitigation as determined on a project-by-project basis.

Cultural Resources

52. Should any cultural resources, such as structural features, unusual amounts of bone or shell, artifacts, human remains, or architectural remains be encountered during any development activities, work shall be suspended and the Sacramento County Department of Environmental Review and Assessment shall be immediately notified. At that time,

the Department of Environmental Review and Assessment will coordinate any necessary investigation of the site with appropriate specialists, as needed. The project proponent shall be required to implement any mitigation deemed necessary for the protection of the cultural resources. In addition, pursuant to Section 5097.98 of the State Public Resources Code and Section 7050.5 of the State Health and Safety Code, in the event of the discovery of human remains, all work is to stop and the County Coroner shall be immediately notified. If the remains are determined to be Native American, guidelines of the Native American Heritage Commission shall be adhered to in the treatment and disposition of the remains.

Hazardous Materials

53. Future development proposals within the two fruit orchards in the Community Plan area north of Douglas Road shall implement a soil sampling and analysis program for organochlorine pesticides, lead, and arsenic. Prior to implementation, the soil sampling and analysis program shall be approved by a toxicologist from the Cal-EPA, Office of Environmental Health Hazard Assessment (OEHHA). The soil sampling results shall be submitted to the Cal-EPA Department of Toxic Substances Control (DTSC), for a determination of whether detected concentrations of the sampled substances fall within acceptable health risk guidelines and, if they do not, the remedial measures which must be implemented to ensure the protection of human health. Prior to grading or construction activities, individual project proponents shall implement any measures required for the remediation of contaminated soils to protect human health.
54. Future development projects within the Sunrise Douglas Plan area shall coordinate with SMUD to ensure that all transformers which predate 1979/80 are sampled and analyzed as needed to determine the presence or absence of PCBs. All PCB-containing transformers shall be removed and replaced with PCB-free transformers.
55. Asbestos surveys and abatement procedures shall be completed for each of the structures within the project area which are intended to be razed or otherwise disturbed in accordance with the SMAQMD Asbestos Rules and Regulations.
56. As development occurs, each site shall be specifically inspected for water supply wells, septic tanks, leach lines, and cisterns. All water supply wells shall be properly destroyed via the well abandonment procedures of the County Environmental Health Division. Septic tanks, leach lines, and cisterns shall be located, removed, and backfilled in accordance with the recommendations of a qualified geotechnical engineer.
57. As development occurs, all debris, trash, refuse, and abandoned, discarded, and/or out-of-service items shall be removed from the affected properties and disposed of or recycled off-site.

58. As development occurs, the actions identified below shall be taken for each identified parcel. All remedial actions recommended as a result of any of these site investigations shall be fully implemented.

APN	ACTION
067-0030-006	Remove debris
067-0030-019	Remove debris
067-0030-027	Remove debris
067-0040-016	Remove debris
067-0090-016	Remove debris
067-0090-017	Remove debris
072-0300-004	Field reconnaissance; remove debris

59. Any discovered underground storage tanks (farm tanks) shall be removed as required by the County Environmental Management Department (EMD), Hazardous Materials Division. In addition, groundwater and soil investigation for contamination and remediation in the tank vicinity shall be conducted if required by the EMD.

Development Plan Review

60. All commercial developments are subject to Development Plan Approval by the Board of Supervisors for the purpose of assuring design compatibility with adjacent land uses, assuring that a desirable architectural theme is consistent throughout the commercial development, assuring that appropriate pedestrian and bicycle facilities are provided, and assuring an appropriate relationship to the required pedestrian plaza.

Right-to Farm Ordinance Disclosure

61. Disclose to prospective buyers within 500 feet of any active farming operation, through notification in the title report, that they could experience inconvenience or discomfort resulting from accepted farming activities pursuant to the provisions of the County Right-to-Farm Ordinance.

Procedural/Effective Dates

62. This rezoning shall not become effective until at least 30 days after the adoption of the SunRidge Specific Plan, and the SunRidge Specific Plan shall not become effective until at least 30 days after the adoption of the applicable General Plan amendments.

* * *

Table 1 [see Condition # (a) 13]

SUNRIDGE SPECIFIC PLAN ONSITE ROADWAY IMPROVEMENT PHASING REQUIREMENTS

C.I.P.		SunRidge Specific Plan Ownership Group per Land Use Allocation Table*																			
Project		ROADWAY IMPROVEMENT																			
No.		A	B-a	B-b	B-c	C	D	E	F	G	H	I	J	K	M	N	O	P	Q	R	S
1	Douglas Rd. (Sunrise Bl. to Jaeger Rd.)																				
2	Douglas Rd. (Jaeger Rd. to Americanos Bl.)		X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
3	Douglas Rd. (Americanos Bl. to Grant Line Rd.)												X	X	X	X	X	X	X	X	X
4	Douglas Rd./Sunrise Bl. signalized intersection	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
5	Douglas Rd./Americanos Bl. signalized intersection																				
6	Douglas Rd./Jaeger Rd. signalized intersection		X	X	X				X	X	X	X	X	X	X	X	X	X	X	X	X
7	Douglas Rd./Grant Line Rd. signalized intersection												X	X	X	X	X	X	X	X	X
9	Sunrise Bl. (Douglas Rd. to Pyramid Bl.)	X	X	X	X	X	X	X			X	X				X					X
10a	Sunrise Bl. (Pyramid Bl. to wetland preserve)			X	X																
10b	Sunrise Bl. (wetland preserve to Kiefer Bl.)				X																
12	Sunrise Bl./Pyramid Bl. signalized intersection		X	X							X	X									
13	Sunrise Bl./Kiefer Bl. signalized intersection (portion)				X																
17	Grant Line Rd. (Douglas Rd. to Pyramid Bl.)															X					
20	Grant Line Rd./Pyramid Bl. signalized intersection																				
24	Pyramid Bl. (Sunrise Bl. to Jaeger Bl.)		X	X		X	X	X			X	X								X	X
25	Pyramid Bl. (Jaeger Rd. to Americanos Bl.)**																				X
26	Pyramid Bl. (Americanos Bl. to Grant Line Rd.)																				X
27	Pyramid Bl./Jaeger Rd. signalized intersection			X	X																X
28	Pyramid Bl./Americanos Bl. signalized intersection										X	X									X
30	Americanos Bl. (Douglas Rd. to north SP boundary)																				X
31	Americanos Bl. (Douglas Rd. to central boundary)																X	X	X		
32	Americanos Bl. (central boundary to Pyramid Bl.)														X					X	X
34	Kiefer Bl. (Sunrise Bl. to Jaeger Rd.)																				
37	Kiefer Bl./Jaeger Rd. signalized intersection				X																
39	Jaeger Rd. (Pyramid Bl. to wetland preserve)		X	X	X																
40	Jaeger Rd. (along wetland preserve)																				
41	Jaeger Rd. (wetland preserve to Kiefer Bl.)				X																
42	Jaeger Rd. (Douglas Bl. to Pyramid Bl.)				X																
43	Sunrise Bl. (Douglas Rd. to Pyramid Bl.) frontage south																				
44	Sunrise Bl. (Pyramid Bl. to Kiefer Bl.) frontage south	X	X	X	X																
45	Sunrise Bl. (along w. preserve) frontage northbound		X	X	X																
46	Kiefer Bl. (along w. preserve) frontage westbound			X	X																

EXHIBIT A

AGENDA

EXHIBIT A

Table 1
SUNRIDGE SPECIFIC PLAN ONSITE ROADWAY IMPROVEMENT PHASING REQUIREMENTS

C.I.P. Project No.	SUNRIDGE ONSITE ROADWAY IMPROVEMENT	SunRidge Specific Plan Ownership Group per Land Use Allocation Table*																				
		A	B-a	B-b	B-c	C	D	E	F	G	H	I	J	K	M	N	O	P	Q	R	S	
47	Jaeger Rd. (along w. preserve) frontage southbound																					
48	Pyramid Bl. (along Laguna Ck.) frontage westbound				X																	
49	Grant Line Rd. (along Laguna Ck.) frontage southbou																					
51	Douglas Rd. (Folsom So. Canal to Sunrise Bl.)	X																				
57	Sunrise Bl. (Douglas Rd. to Kiefer Bl.) fr. access sign	X	X	X																		
58	Douglas Rd. (Sunrise Bl. to Grant Line Rd.) fr. access		X			X	X						X	X	X							
59	Jaeger Rd. (Douglas Rd. to Kiefer Bl.) fr. access signa			X	X			X	X	X	X	X	X									
60	Americanos Bl. (Douglas Rd. to Kiefer Bl.) fr. access													X	X					X	X	
61	Grant Line Rd. (Douglas Rd. to Pyramid Bl.) fr. acces															X				X	X	
62	Pyramid Bl. (Sunrise Bl. to Grant Line Rd.) fr. access		X	X		X	X	X			X	X									X	
1.	Required major roadway improvement to be determined by County Department of Transportation prior to recording of final map building lots within each SRSP Ownership Group's parcels as indicated in the SRSP Land Use Allocation Map. The criteria are continuity of primary access roadway improvements from Sunrise/Douglas intersection, existing traffic volume to capacity ratios on primary and secondary access routes, level of service at intersections on primary and secondary access routes, effects of additional traffic from the subdivision or project site, and subdivision or project site frontage.																					
2.	Listed roadway improvements that are underlined are included in Phase 1 Roadway CIP; those in boldface are on bond eligible list per Figure 17 of PFFP.																					
*	Letters identifying Owner Group parcels are associated with the following ownership entities as listed in Appendix F of the SRSP Financing Plan: A = BD Properties, B-a = AKT Anatolia #1, B-b = AKT Anatolia #2, B-c = AKT Anatolia #3, C = DJ Ent/Slagle, D = DJ Ent/Lausevic, E = DJ Ent/Ringen, F = DJ Ent/Jaeger Corner, G = DJ Ent/White, H = DJ Ent/Davis, I = AKT Devel, J = Mofitakar, K = SunRidge Investors, M = SKK (DR-103), N = Stathos (DR-98), O = Weidinger, P = Cupp, Q = Shultz, R = Grantline 208, and S = Pappas.																					
**	Pyramid Bl. (Jaeger Rd. to Americanos Bl.) is located offsite to SRSP but within SDCP and is assumed as an SRSP Phase II CIP roadway improvement.																					

EXHIBIT "D"

CONSENT OF OWNER(S) TO IMPOSITION OF REZONE CONDITIONS

I am one of the owners of that real property which is described in Exhibit "A" of this Zoning Ordinance, which is attached thereto and incorporated therein as though set forth in full ("Subject Property"), and which is also commonly referred to and known as Assessor Parcel No(s). 067-0030-006, 009, 012-019, 027; 067-0040-004, 005, 012-016; 067-0090-011, 014, 016, 017, 022-025; 072-0300-003, 004; and 072-0370-016. As the record owner or authorized representative of the Subject Property, I have applied to have the Subject Property rezoned from the AG-20, AG-80, and M-1 Land Use Zones to the AG-20, RD-4, RD-5, RD-7, RD-10, RD-20, SC, LC, and O Land Use Zones for 2,605± acres.

On behalf of myself and all other record owners of the Subject Property, I understand that certain conditions have been attached to the rezoning of the Subject Property. I acknowledge that those rezone conditions are enumerated in Exhibit "C" of this Zoning Ordinance, which is attached thereto and incorporated therein as though set forth in full ("Rezone Conditions").

On behalf of myself and all other record owners of the Subject Property, I hereby represent that I have received a copy of the Zoning Ordinance, including Exhibits "A", "B" and "C" in their entirety, and have carefully reviewed and fully understand the Rezone conditions set forth in Exhibit "C". In my capacity as owner, and authorized representative of all other record owners, of the Subject Property, I consent to the imposition of the Rezone Conditions and agree to fully comply with the Rezone Conditions.

BY: AKT DEVELOPMENT CORPORATION
a California Corporation

BY: Eleni Tsakopoulos-Kounalakis
President

DATED: July 3, 2002


SunRidge LLC, a California Limited
Liability Company

APN: 067-0030-006
067-0030-009
067-0090-011
067-0090-014
067-0090-016
067-0090-017
067-0090-022
067-0090-023
067-0090-024
067-0090-025

ATTACHMENT 2

CITY OF RANCHO CORDOVA

ORDINANCE NO. 3-2014

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF RANCHO CORDOVA
AMENDING SACRAMENTO COUNTY ZONING CODE ORDINANCE 2002-0015,
PREVIOUSLY ADOPTED BY REFERENCE BY THE CITY, TO ELIMINATE CERTAIN FEE
REQUIREMENTS FOR THE SUNRIDGE SPECIFIC PLAN AREA**

RECITALS

WHEREAS, on July 17, 2002, the County of Sacramento ("County") adopted Resolution No. 2002-0901, establishing the SunRidge Specific Plan ("SRSP"); and

WHEREAS, on July 17, 2002, the County adopted Ordinance No. SZC-2002-0015, attached hereto as Exhibit "A," establishing the SunRidge Specific Plan as part of the County Zoning Code; and

WHEREAS, the provisions of the SRSP were added to the Sacramento County Zoning Code as Title VI, Chapter 7, Article 1, Sections 607-10 through 607-17.6; and

WHEREAS, due to the widespread groundwater contamination emanating from the Aerojet and Boeing project sites, SRSP developers worked with the Sacramento County Water Agency ("SCWA") to identify an acceptable source of potable water that could meet the needs of the proposed project that would not accelerate groundwater contamination plume movement or interfere with any future remedy; and

WHEREAS, because of the unique nature of providing water to the SRSP project area, the County established two fee programs deemed necessary to mitigate the higher cost of providing water and water supply infrastructure for the area; and

WHEREAS, pursuant to provisions of the Zoning Code establishing the SRSP, the County created certain zoning conditions for the establishment of a North Vineyard Well Protection Program and a Groundwater Optimization program and collection of fees required to be paid by development within the SRSP; and

WHEREAS, on July 1, 2003, the City of Rancho Cordova ("City") incorporated; and

WHEREAS, the Sunridge Specific Plan Area is located entirely within the incorporated boundaries of the City; and

WHEREAS, pursuant to Ordinance No. 21-2003, the City adopted by reference the Sacramento County Zoning Code, including those provisions relating to the SRSP; and

WHEREAS, pursuant to Ordinance No. 27-2008, the City adopted a Zoning Code Update that completely replaced the City's existing Zoning Code and all provisions therein, with the exception of the eight existing Special Planning Areas (SPAs), as identified on the Rancho Cordova Zoning Map and depicted in an attachment to that Ordinance; and

WHEREAS, the Sunridge Specific Plan Area is one of the existing SPAs that was excluded from the Zoning Code Update and therefore the provisions of SCZ-2002-0015 still exist for the City by prior reference; and

ATTACHMENT 2

WHEREAS, the County has requested that the City revise Zoning Ordinance No. SZC-2002-0015 by deleting conditions 23 and 24 as they relate to the establishment and collection of fees for the North Vineyard Well Protection Insurance Program and the Groundwater Optimization Program.

THE CITY COUNCIL OF THE CITY OF RANCHO CORDOVA DOES ORDAIN AS FOLLOWS:

Section 1. Condition No. 23 of Sacramento County Zoning Ordinance No. SZC-2002-0015, incorporated by reference to the Rancho Cordova Zoning Code, is hereby amended to read as follows:

“Condition No. 23 has been repealed at the request of the County of Sacramento,”

Section 2. Condition No. 24 of Sacramento County Zoning Ordinance No. SZC-2002-0015, incorporated by reference to the Rancho Cordova Zoning Code, is hereby amended to read as follows:

“Condition No. 24 has been repealed at the request of the County of Sacramento,”

Section 3. Severability

If any provisions of this Ordinance or the application thereof to any person or circumstances is held invalid, such invalidity shall not affect other provisions or applications of the Ordinance which can be given effect without the invalid provision or application, and to this end the provisions of this Ordinance are severable. This City Council declares that it would have adopted this Ordinance irrespective of the invalidity of any particular portion thereof and intends that the invalid portions should be severed and the balance of the Ordinance be enforced.

Section 4. Effective Date

Within fifteen (15) days after adoption, a Summary of this Ordinance shall be published once in the Grapevine Independent, or the Sacramento Bee, a newspaper of general circulation printed and published in Sacramento County and circulated in the City of Rancho Cordova, in accordance with Government Code Section 36933. This Ordinance shall take effect and be enforced thirty (30) days after its adoption.

PASSED AND ADOPTED by the City Council of the City of Rancho Cordova on the ____ day of ____, 2014 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Dan Skoglund, Mayor

ATTEST:

Mindy Cuppy, CMC, City Clerk
2231789.1

SunRidge Specific Plan

ORDINANCE NO. SZC 2002- 0015

**AN ORDINANCE OF THE COUNTY OF SACRAMENTO
AMENDING THE ZONING CODE OF SACRAMENTO COUNTY,
ORDINANCE NO. SZC 83-10, AS AMENDED, TO ESTABLISH A
SPECIFIC PLANNING AREA, KNOWN AS THE SUNRIDGE SPECIFIC
PLAN, TITLE VI, CHAPTER 7, ARTICLE 1.**

The Board of Supervisors of the County of Sacramento, State of California,
ordains as follows:

SECTION 1: Title VI, Chapter 7, Article 1, is hereby added to the Zoning Code
of Sacramento County to read as follows:

Zoning Code of Sacramento County

**Chapter 7
Article 1**

SUNRIDGE SPECIFIC PLAN

607-10. INTENT. It is the intent of the Board of Supervisors in adopting this zoning ordinance to allow development of the SunRidge Specific Plan area in a manner consistent with the Sacramento County General Plan and the SunRidge Specific Plan.

Permitted uses within the SunRidge Specific Plan include residential, commercial and open space land uses. The configuration of these land uses is a compatible extension of the Rancho Cordova community to the northwest. Proposed improvements within the Specific Plan area will provide urban services to the area as it develops over the next 15 to 20 years.

607-11. APPLICABILITY. The provisions of this Article shall apply to the land area shown in Section 607-17.1. In any case, where this Article does not provide direction regarding specific use or development standards, the provisions of the SunRidge Specific Plan and the Sacramento County Zoning Code shall apply. To the extent that

any of the provisions of this Article conflict with other provisions of the Zoning Code, the provisions of this Article shall prevail.

607-12. DEFINITIONS.

SunRidge Specific Plan text: That document adopted by the Sacramento County Board of Supervisors, the boundaries of which are depicted in Section 607-17.1 and the land uses of which are depicted in Section 607-17.2.

SunRidge Specific Plan Public Facilities Financing Plan: That financing plan as referenced in the SunRidge Specific Plan that identifies the infrastructure improvements necessary to support the proposed level of development and describes the methods of financing the infrastructure. Separate actions will likely be necessary to establish assessment districts, fee programs and/or other funding programs.

607-13. PERMITTED USES. Property within the SunRidge Specific Plan area may be used in a manner consistent with current zoning, or may be rezoned to a zoning classification consistent with the SunRidge Specific Plan land use diagram, shown in Section 607-17.2, and used in a manner consistent with the provisions of this Article and the Specific Plan. The primary land use categories within the SunRidge Specific Plan are "residential and open space" and "commercial."

- A. Residential and Open Space Use Areas: Residential Use areas may be zoned RD-4, RD-5, RD-7, RD-10, or RD-20. Permitted uses within the Residential areas are shown on Table 3-2 of the SunRidge Specific Plan, and are set forth in Section 607-17.3 of this Article. Open Space Use areas (parks and other open space areas) shall be zoned O and shall be regulated by the provisions of the SunRidge Specific Plan and the Zoning Code.

B. Commercial Use Areas: Commercial Use areas within the Specific Plan may be designated "Commercial" or "CMU" (Commercial Mixed Use). Property designated Commercial on the SunRidge Specific Plan land use diagram may be zoned SC, and property designated CMU on the Specific Plan land use diagram may be zoned LC.

1. Commercial: Within the Commercial areas zoned SC, permitted uses are those allowed in the Shopping Center Commercial (SC) land use zone as listed in Zoning Code Section 225-11 and subject to corresponding special conditions referenced in Zoning Code Section 225-14.
2. Commercial Mixed Use: Within the CMU Commercial Mixed Use areas zoned LC, permitted uses are those allowed in the Limited Commercial (LC) land use zone as listed in Zoning Code Section 225-11 and subject to corresponding special conditions referenced in Zoning Code Section 225-14, except as further enumerated below. Within any CMU area, 25% of the land area may be allocated to Medium Density Residential uses at a density of RD-20.
 - a. The following additional uses shall be permitted:
 - (1) Outdoor Dining when attached to a permitted restaurant use
 - (2) Satellite Work Centers
 - (3) Recreation facilities
 - (4) Residential uses at a minimum of 7 dwelling units per acre.
 - b. The following LC uses shall be prohibited:
 - (1) Motorcycle, sports cycles, trial bikes, jet skis, snowmobile, ultra-light, and moped sales, rental, service, repair and dismantling.
 - (2) Wholesale distributor's service facility other than a food cooperative distribution.
 - (3) Ambulance service except as provided by a public agency.
 - (4) Wedding chapel.
 - (5) Parking lot or garage as a primary use.

- (6) Building material and lumber sales.
- (7) Travel trailer-mobile home, motor home, and camper – sales, rental, or storage.
- (8) Water recreation equipment – rental, sales.
- (9) Bus depot.
- (10) Freight depot.

C. Open Space Areas: Open Space areas, both parkland and wetlands/natural preserve open space areas, shall be zoned O where feasible and shall be regulated by the provisions of the SunRidge Specific Plan and the Sacramento County Zoning Code, as well as any other applicable permits issued by regulatory agencies. In addition, the following provisions apply to Open Space areas:

1. No residential development may occur in any Open Space zone.
2. Future land uses in Open Space areas on the Specific Plan Diagram are governed pursuant to the SunRidge Specific Plan adopted by the Board of Supervisors.
3. The Specific Plan shall be amended, if deemed necessary by the Planning Director, following completion of wetland studies and permitting requirements on properties within the Specific Plan, to identify additional wetlands/open space requirements. Development shall be consistent with such requirements and conducted in a manner to achieve a continuous open space corridor from the westerly portion of SunRidge to the easterly/northeasterly side of SunRidge (including intervening property), including a bicycle trail system.

607-14. DEVELOPMENT STANDARDS

- A. Residential development standards are set forth in the Sacramento County Zoning Code Title II, Chapter 15, and Title III, Chapter 5, except as herein set forth. Nonresidential uses permitted or conditionally permitted in

residential zones shall be subject to development standards appropriate for the particular use as set forth in Title III of the Zoning Code.

1. Allocation of Dwelling Units to Residential Properties. Dwelling unit allocation to initial property ownership parcels shall be as set forth in Section 607-17.4 (Land Use Allocation Map) and Section 607-17.5 (Land Use Allocation Table).
2. Density Transfer: As set forth in the SunRidge Specific Plan, dwelling units allocated to a residential parcel pursuant to the Land Use Allocation Map and Table referenced above may be transferred to another residential land use parcel provided that: (a) the cumulative number of units in the subarea (single initial ownership) does not exceed the total number assigned to each owner in the Residential Allocation Map; (b) the number of dwelling units in any specific parcel does not exceed the maximum number of dwelling units permitted by more than 20%; (c) the amended land use is consistent with the goals, policies and requirements of the Sacramento County General Plan, Sunrise Douglas Community Plan, SunRidge Specific Plan, and any affected zoning ordinances and development agreements; (d) the amended land use does not result in modification to conditions of the approved tentative map, rezone agreement/ordinance or applicable permits; and (e) the amended land use does not affect the Infrastructure Finance Plan or any benefit assessment facilities financing arrangement.

An exhibit illustrating and tabulating any proposed Density Transfer shall be submitted to the County concurrent with any corresponding tentative or vesting tentative subdivision or parcel map application.

3. Additional Single-family/two-family residential development standards.
 - a. Minimum front yard and side street yard setback (measured from the back of sidewalk) is 16 feet for the livable area of the house and/or porches, and side-entry garages, except that the minimum

side street yard setback is 12.5 feet on streets without split sidewalks. Front-on garages (garage doors) shall be setback a minimum of 19 feet from the back of sidewalk. See SunRidge Specific Plan text and Figure A-19 for variations based upon different categories of streets.

- b. Minimum side yard distance between houses shall be 9 feet.
 - c. Single-family and two-family structures shall not exceed 35 feet in height or three stories.
 - d. In no case shall side yard fences be located within five feet of the sidewalk. Greater setbacks may apply depending upon the type of street/street cross-section; see Specific Plan for detail.
4. Additional Multifamily development standards.
- a. Roofing material on multifamily structures shall be tile, concrete tile, or other materials similar in appearance and durability.
 - b. Carports and enclosed parking structures shall have a roof slope comparable to the residential structures.
 - c. The minimum setback from multifamily structures to the edge of parks and open space areas shall be 20 feet; balconies and patios shall have a minimum setback of 15 feet.
 - d. Multifamily parking areas adjacent to parks and open space areas shall not exceed fifty percent (50%) of the common boundary frontage.

B. Commercial Standards are set forth in Title III, Chapter 15 of the Sacramento County Zoning Code. In addition, the following applies to commercial development in the SunRidge Specific Plan Area:

- 1. Each commercial mixed use development and shopping center development shall provide a pedestrian plaza in scale with the proposed commercial use. Pedestrian plazas shall include landscaping, seating, drinking fountains, and points of interest, such as water elements and art.

- 2 A clearly defined pedestrian way, separated from vehicle traffic, shall be provided through the parking area to the main buildings from each major street frontage.
- 3 All commercial developments are subject to Development Plan Approval by the Board of Supervisors for the purpose of assuring design compatibility with adjacent land uses, assuring that a desirable architectural theme is consistent throughout the commercial development, assuring that appropriate pedestrian and bicycle facilities are provided, and assuring an appropriate relationship to the required pedestrian plaza.
4. The combined floor area of all uses in a given development shall not exceed a floor area ratio of .30.

607-15. OTHER REQUIREMENTS.

- A. Zoning Conditions. The following zoning conditions shall be complied with for all properties within the SunRidge Specific Plan area.

Finance

1. Property owners shall fully comply with and participate in the "Public Facilities Financing Plan for the SunRidge Specific Plan," including any fees and assessments adopted by the Board of Supervisors to implement that Plan. An "Implementation Finance Plan" shall be adopted by the Board prior to any development within the SunRidge Specific Plan area.
2. Property owners shall participate in a Landscaping & Lighting Act district, a Community Facilities District, or equivalent financing mechanism, to fund park maintenance and operations as required by the Cordova Recreation and Park District.
3. Park sites shall be improved by the developer in conjunction with project development and as required by the Cordova Recreation and Park District prior to turning park sites over to the local park district ("turnkey" park development); turnkey parks will be accompanied by credits against the Quimby Act or Finance Plan park fee component.
4. The SunRidge Specific Plan shall have a targeted goal of a 30% reduction in daily vehicle trips. In support of that goal, the SunRidge Specific Plan shall participate in a County Service Area (CSA), or an equivalent financing mechanism to the

satisfaction of the Board of Supervisors, for the purpose of funding a variety of transportation demand management strategies, including but not limited to a transit shuttle service, which will contribute SunRidge's targeted 30% reduction in daily vehicle trips.

The Purpose of this CSA, or equivalent financing mechanism, is to fund programs and services implement trip reduction measures that improve mobility and coincidentally reduce air quality impacts, including but not limited to:

- incentives for alternative mode use
- programs encouraging people to work close to where they live
- on-site transportation coordinators
- school trip pool programs
- maintenance and improvement of the Folsom South Canal bikeway
- transit shuttle system

The budget for the CSA (or equivalent financing mechanism) shall include a component to insure that annual monitoring is performed to evaluate the effectiveness of the programs and services, including the progress in achieving the goal of a 30% reduction in daily vehicle trips.

Any strategy implemented through the CSA or equivalent financing mechanism may be revised or discontinued if a strategy is proven to be ineffective with annual monitoring. Additional strategies may be implemented as appropriate to assist in achieving a 30% reduction in daily vehicle trips.

Avigation Easement

5. Prior to the issuance of any building permits, provide an "avigation easement" in a form approved by County Counsel to the County of Sacramento designed to notify property owners of the aviation operations at Mather Airport. The avigation easement shall grant the right of flight and unobstructed passage of all aircraft into and out of Mather Airport and shall be in the form set forth in the Specific Plan.

Construction Mitigation

6. All construction allowed under, and pursuant to the Specific Plan shall include standard mechanisms for mitigation of construction related nuisances including, restrictions on the hours of construction activities, restrictions on noise levels associated with construction equipment, watering and/or other dust control at all construction sites, County approval of proposed construction storage and staging areas (including employee parking). All construction sites shall be required to continuously post visible signage providing a name, address, and 24-hour phone number for information and/or complaints regarding the construction activities. This may be a County number if applicable.

Odor/Rendering Plant

7. No building permits shall be issued for construction of residential or commercial structures (except for model home permits) within the Specific Plan area until, at a minimum, the odor control equipment and improvements described in the report entitled "An Odor Control System Review of SRC Facilities With Recommendations for Comprehensive Containment and Treatment of Process and Fugitive Odors," dated June 2000 and prepared by Carl M. Petersen, Ph.D., SCP Control, Inc., as revised and supplemented by the document entitled "Comments Directed To Dr. Carl M. Petersen's Report," prepared by Dr. Fred D. Bisplinghoff and submitted under cover letter dated February 22, 2001 (collectively the "Report") have been installed and are operational. For purposes of this condition, "operational" shall mean that a permit to operate has been issued by the Sacramento Metropolitan Air Quality Management District (SMAQMD).

Any portion of the cost for the odor mitigation equipment and/or improvements to be installed pursuant to this condition, that is to be paid by the applicants, shall be paid to the County (irrespective of any subsequent incorporation) for disbursement pursuant to a disbursement agreement, in form and substance approved by the County Counsel, for the purpose of assuring application of the funds for mitigation purposes, as described in the Report (as defined in this condition).

Electricity/Gas Utilities/Fire Protection

8. Future development project applicants(s) shall address and resolve project-related electrical facility issues through close coordination with SMUD in project planning and development. The applicant(s) shall grant any necessary right-of-way for installation of electrical facilities. Coordination with SMUD shall occur and any required agreements shall be established prior to issuance of necessary permits or approvals for the project. Reserve substation sites as required by SMUD.
9. To promote the safe and reliable maintenance and operation of utility facilities, the California Public Utilities Commission (PUC) has mandated specific clearance requirements between utility facilities and surrounding objects or construction activities. To ensure compliance with these standards, future development project applicant(s) shall coordinate with PG&E early in the development of their plans. Any proposed development plans shall provide for unrestricted utility access and prevent easement encroachments that might impair the safe and reliable maintenance and operations of PG&E's facilities.
10. Residential design in all subdivisions shall adhere, to the greatest practical extent, to the SMUD Energy Efficiency/Load Management Measures for Residential New Construction.

11. Building permits for no more than 1640 dwelling units shall be issued within the combined SunRidge Specific Plan and Mather Specific Plan areas until a fire station is constructed and equipped, as required by the Sacramento Metropolitan Fire District.
12. Future development projects shall comply with the following design measures:
 - a. Cul-de-sacs shall not exceed 150-feet in length where possible, in order to facilitate emergency vehicle response throughout the development area. Off-street bikeways, pathways, and recreational areas shall provide adequate access for fire fighting apparatus.
 - b. All development shall meet minimum water supply requirements for fire flow, by type of land use.
 - c. Accessibility for fire control shall meet the specifications of the Fire District and shall be in place during all phases of the project.
13. Future development projects shall consult with the Sheriff's Department and implement recommended crime prevention/safety development design measures to the maximum extent feasible.
14. Future development project applicants shall address and resolve issues related to the provision of telephone and cable television services within the Specific Plan area through close coordination with the applicable service provider during project planning and development.

Water Supply

15. Entitlements for urban development within the Sunrise Douglas Plan area (i.e. subdivision maps, parcel maps, use permits, building permits, etc.) shall not be granted unless agreements and financing for supplemental water supplies are in place, consistent with General Plan Policy CO-20. Based on supplemental water supplies which have been acquired to date, a development cap within the General Plan Urban Growth Areas of 12,300 equivalent dwelling units is currently in place, and approximately 6,000 equivalent dwelling units (EDUs) currently remain available under the cap. The number of EDUs available under the cap depends upon the number of entitlements approved within the Urban Growth Areas and the amount of supplemental water supplies acquired. Future entitlements for urban development within the Sunrise Douglas Plan area shall not be approved unless sufficient EDUs are available under the CO-20 development cap.

16. No tentative map shall be approved unless either:

- (a)(1) the cumulative amount of groundwater production from the North Vineyard Well Field (NVWF) does not exceed 10,000 acre feet/year (AFA), does not result in more than a 10-foot decline in the local groundwater elevations from the baseline condition [that is, the groundwater elevations that would occur absent the NVWF project, as defined by the 70-year hydrologic trace of groundwater elevations determined by the IGSM Static Baseline Model 2000 and presented in the "Baseline Conditions for Groundwater Yield Analysis Final Report" (Montgomery Watson, May 1997) to account for fluctuations in groundwater elevation resulting from changing hydrologic conditions], and does not result in a significant effect on groundwater contaminant movement, unless the Sacramento County Water Agency (SCWA) Board of Directors determines that 1) the additional groundwater production (beyond the 10,000 AFA or 10-foot drop limit) is acceptable and consistent with the goals of the Zone 40 Conjunctive Use Program and the Water Forum Agreement; 2) the additional groundwater production (beyond the 10,000 AFA or 10-foot drop limit) will not substantially affect the migration of known contaminant plumes; and 3) impacts to shallow domestic wells in the vicinity of the well field resulting from the additional groundwater extraction (beyond the 10,000 AFA or 10-foot drop limit) will be adequately mitigated; and
- (2) the SCWA Board of Directors has determined that there is sufficient groundwater available from NVWF to serve the urban development within the SunRidge Specific Plan area for which tentative map approval is being sought; and
- (3) the SCWA Board of Directors allocates such groundwater from NVWF to said tentative map within the SunRidge Specific Plan area;

OR

- (b) the SCWA Board of Directors determines that there is sufficient water to serve the tentative map from another source.
17. The developer/applicant shall acquire property and construct groundwater extraction, treatment, pumping and water storage facilities for the SCWA and shall transfer any and all rights thereto to the SCWA. Credits and/or reimbursements due developer/applicant as a result of the construction of such facilities shall be granted pursuant to the terms of the adopted Finance Plan.
18. No building permit shall be issued until the developer/applicant has constructed initial phase water supply facilities with sufficient capacity to deliver up to approximately 2,265 AFA to the SunRidge Specific Plan area to the satisfaction of the SCWA.
19. No building permits shall be issued for urban development within the SunRidge Specific Plan area that requires more than 2,265 AFA until subsequent phases of

water supply facilities have been constructed that provide sufficient water to provide for such development to the satisfaction of the SCWA.

20. Developer/applicant shall pay any SCWA development fee or development fee surcharge imposed to fund the construction of all water facilities, extraordinary water facilities and water mitigation measures attributable to development within the SunRidge Specific Plan, as determined by the Sacramento County Department of Water Resources.
21. Municipal wells in the NVWF shall not be constructed within 800 feet of any existing private domestic well.
22. Prior to operation of any NVWF facilities, developer/applicant shall construct groundwater monitoring wells to monitor the impacts of the NVWF operation on local groundwater elevations and groundwater contaminant movement. The number, location and design of said monitoring wells shall be subject to the approval of the Sacramento County Department of Water Resources.
23. No tentative map shall be approved until developer/applicant enter into an agreement with the SCWA to fund a North Vineyard Well Insurance Program that will be administered by the SCWA. Said well insurance program shall include, at a minimum, the following components:
 - a. Payment of a fee at the issuance of a building permit. Such fee shall be determined based on the number of private wells eligible for the program multiplied by the cost of a typical residential well construction and divided by the total number of equivalent dwelling units (edu) in the SunRidge Specific Plan. The fee is currently estimated at \$380/edu, assuming an estimated 300 eligible wells, a replacement construction cost of \$13,600 and 10,100 edu's at build-out of the SunRidge Specific Plan area;
 - b. Developer/applicant shall deposit \$380,000 in a specific account of the SCWA within 180 days after the award of a contract for the construction of the NVWF. This amount shall be credited against the well insurance program fee for up to 1,000 edu's in the SunRidge Specific Plan area;
 - c. Within 30 days after written request by the SCWA, developer/applicant shall provide sufficient funds to meet any shortfall in the insurance program; any funds advanced shall be credited against the well insurance fees for the appropriate number of edu's;
 - d. The initial fee and the maximum reimbursement for each well shall be indexed to the SCWA Zone 40 annual inflation index;
 - e. The eligibility period for well replacement funds shall begin on the date that the SCWA accepts the NVWF for operation and maintenance and shall end when there is build-out of the SunRidge Specific Plan area and there are no funds remaining in the program;
 - f. Developer/applicant shall indemnify and hold harmless the SCWA and the County for any liability in the administration and operation of the well insurance program.

24. The owner/developer shall pay the Sacramento County Water Agency up to \$1,000 per equivalent dwelling unit at the time of the building permit to fund a fair share portion of any water project(s) identified by the SCWA Board of Directors that optimizes available local groundwater resources.
25. Prior to approval of any tentative maps, sites shall be reserved for water storage and treatment facilities and for future wells to the satisfaction of the Sacramento County Department of Water Resources. Compensation for these sites will be fixed at the appraised fair market value on the date that the Specific Plan is approved by the Sacramento County Board of Supervisors.
26. Project specific CEQA review shall be conducted prior to construction of proposed water supply facilities. As part of that review, any potential noise-sensitive receptors within 4000 feet of the proposed facilities shall be identified, and project specific mitigation measures shall be identified to reduce potential construction noise impacts to less than significant levels. Project specific mitigation measures for construction noise should include the following:
- a. Construction activities shall be limited to the following hours and days:
 - Between the hours of 6:00am and 8:00pm on any weekday;
 - Between the hours of 7:00am and 8:00pm on Saturday; and
 - Prohibited on Sundays and Holidays;
 - b. Construction equipment shall be properly outfitted and maintained with noise reduction devices to minimize construction-generated noise.
 - c. Stationary construction equipment shall be centrally located on site at a greatest distance possible from nearby noise-sensitive receptors.
27. Project specific CEQA reviews shall be conducted prior to construction of proposed water supply facilities. As part of that review, surveys shall be conducted by a qualified biologist to identify the potential presence of any special-status species or sensitive habitat. If special-status species or sensitive habitats are identified within the area of the proposed water facilities and have the potential to be impacted from project construction, project-specific mitigation measures shall be identified to reduce potential impacts to less than significant levels. Project-specific mitigation measures for burrowing owls, Swainson's hawk, raptors, and sensitive habitats should include the following:

Burrowing Owl

- Prior to construction activity, focused surveys shall be conducted for burrowing owls where suitable habitat is present in the project area. Suitable habitat includes agricultural field margins, drainage ditches, and fallow fields. Surveys shall be conducted no less than 14 days and no

more than 30 days prior to commencement of construction activities. Surveys shall be conducted in accordance with CDFG protocol (CDFG 1995).

- If no occupied burrows are found in the survey area, a letter report documenting survey methods and findings shall be submitted to the County and CDFG for review and approval, and no further mitigation is necessary.
- No occupied burrows shall be disturbed during the nesting season (February 1 through August 31) unless a qualified biologist verifies through non-invasive methods that juveniles from the occupied burrows are foraging independently and are capable of independent survival.
- All occupied burrows shall be avoided until the owls inhabiting the burrows have been relocated using passive exclusion techniques approved by CDFG.

Swainson's Hawk

- Prior to project construction, it shall be determined whether any construction is proposed during the Swainson's hawk nesting season (March 1 to September 15).
- If no construction will occur during the Swainson's hawk nesting season, no further mitigation is necessary.
- Prior to project construction that will occur during the nesting season, surveys shall be conducted for active Swainson's hawk nest sites within 0.25 mile of the proposed construction area. Surveys shall be conducted at the beginning of the nesting season (April 15 - April 30). All identified nest sites shall be revisited during the post-hatching stage (June 1 - June 30) to determine if the nest is still active and to record the number of juveniles present. A final nest site visit shall occur during the fledgling period (July 1 - July 31) to determine the number of juveniles that have fledged.
- If construction is planned within 0.25 mile of an active nest, the nest site shall be identified with a marker and mapped on a USGS topographic quad map. A visible exclusion zone shall be established around the portion of the construction area that occurs within 0.25 mile of the nest tree. No project construction activity shall commence within the exclusion zone between March 1 and September 15.

Raptors

- Prior to project construction, it shall be determined whether any construction or tree removal is proposed during the raptor nesting season (February 1 to August 31).
- If no construction or tree removal shall occur during the raptor nesting season, no further mitigation shall be necessary.
- If construction or tree removal is proposed during the raptor nesting season, a focused survey for raptor nests shall be conducted by a qualified biologist during the nesting season to identify active nests within 500 feet of the project area. The survey shall be conducted no less than 14 days and no more than 30 days prior to the beginning of construction or tree removal.
- If nesting raptors are found during the focused survey, no construction or tree removal shall occur within 500 feet of an active nest until the young have fledged (as determined by a qualified biologist).

Sensitive Habitats

Surveys shall be conducted by a qualified biologist to identify the potential presence of any sensitive habitats. These surveys may include the preparation of a formal delineation to determine the extent of jurisdiction Waters of the U.S. that would be filled under the proposed project. If sensitive habitats are identified within the project area and have the potential to be impacted from project construction, project-specific mitigation measures shall be identified to reduce the potential impacts to less than significant levels.

Sewer

28. Prior to the submission of improvement plans for any development proposal within the Plan area, provide a detailed sewer design report which addresses all necessary on-site and off-site facilities to the County Water Quality Division for review and approval.
29. Implementation of off-site sewer facility improvements shall not occur until the following items have been submitted to the Sacramento County Board of Supervisors for review and approval:
 - a. A wetland delineation for the improvement area verified by the US Army Corps of Engineers.
 - b. A detailed mitigation plan for wetlands to be impacted by the proposed improvements which specifically describes the measures which will be implemented to achieve no net loss in wetland habitat acreage and values.

- c. Determinate surveys of the improvement area for potentially occurring special status species.
 - d. A detailed mitigation plan developed in cooperation with the regulatory resource agencies (US Army Corps of Engineers, US Fish and Wildlife Service, and California Department of Fish and Game) which is designed to reduce impacts of the proposed improvements on any special status species identified in the determinate surveys to a less than significant level.
30. Implementation of off-site sewer facility improvements shall not occur until all necessary permits and/or agreements for the proposed improvements have been obtained from the US Army Corps of Engineers, US Fish and Wildlife Service, and California Department of Fish and Game.
31. In conjunction with the processing of tentative subdivision maps or other entitlements, reserve sufficient right-of-way for necessary sewer interceptors in accordance with the requirements of the Sacramento Regional County Sanitation District.
32. Interim pump stations shall be sited in a manner that will insure that they can be removed once gravity interceptors are constructed.

Drainage

33. Development within the Sunrise Douglas Plan area shall implement the improvements described in the Final Master Drainage Study for the Sunrise Douglas Community Plan Area (Final MDS) (Spink Corporation, October 16, 1998), as amended by the "Amendment to Final Master Drainage Study, Sunrise Douglas Community Plan Area" (Amendment) (MHM Engineers & Surveyors, October 19, 2001), or any subsequent amendment thereof approved by the County Water Resources Department. Such improvements shall be designed to ensure that post-development peak (100-year) flows do not exceed existing peak flows and do not exceed the capacity of the two Folsom South Canal overchutes at Lower Morrison Creek, to the satisfaction of the County Water Resources Department (WRD). Construction of the improvements may be phased as described in the Final MDS and subject to the approval of the WRD, so long as the project proponent(s) provide hydrologic/hydraulic analyses which demonstrate that the phased improvements will reduce peak flows to at least pre-development levels and to the capacity of the Folsom South Canal overchutes, to the satisfaction of the WRD.

Detailed plans for the design and construction of all proposed drainage, flood control and water quality improvements, consistent with the Final MDS and Amendment, shall be submitted to the County WRD for review and approval.

Any plans for the design and construction of channels and/or detention basins within the Sares-Regis (now AKT/Anatolia) wetland preserve area not already permitted by the US Army Corps of Engineers (COE) shall also be subject to the approval of the COE.

Plans for the design and construction of any joint-use park/detention facilities shall also be subject to the approval of the Park District.

34. Development within the Sunrise Douglas Plan area shall provide stormwater quality source and treatment measures consistent with Volume 5 of the City/County Drainage Manual. The final design of such source and treatment control measures shall be subject to the approval of the County WRD.
35. Implementation of the improvements, or any phase thereof, described in the Final Master Drainage Study for the Sunrise Douglas Community Plan Area (Final MDS) (Spink Corporation, October 16, 1998), as amended by the "Amendment to Final Master Drainage Study, Sunrise Douglas Community Plan Area" (Amendment) (MHM Engineers & Surveyors, October 19, 2001), shall not occur until the following items have been submitted to the Sacramento County Board of Supervisors for review and approval:
 - a. A wetland delineation for the improvement area verified by the U.S. Army Corps of Engineers.
 - b. A detailed mitigation plan for wetlands to be impacted by the proposed improvements which specifically describes the measures which will be implemented to achieve no net loss in wetland habitat acreage and values.
 - c. Determinate surveys of the improvement area for potentially occurring special status species.
 - d. A detailed mitigation plan developed in cooperation with the regulatory resource agencies (US Army Corps of Engineers, US Fish and Wildlife Service and California Department of Fish and Game) which is designed to reduce impacts of the proposed improvements on any special status species identified in the determinate surveys to a less than significant level.
 - e. A vegetation/tree survey for the improvement area which identifies any existing marsh and riparian habitat.
 - f. A detailed vegetation/tree replacement planting plan which describes the planting/relocation measures to be implemented to provide in-kind replacement plantings on an inch-for-inch

basis for any riparian and marsh habitat which will be impacted by the proposed improvements.

36. Implementation of the Final MDS and Amendment improvements, or any phase thereof, shall not occur until all necessary permits and/or agreements for the proposed improvements have been obtained from the US Army Corps of Engineers, US Fish and Wildlife Service and California Department of Fish and Game.

Transportation Improvements

37. Development within the SunRidge Specific Plan area shall be obligated to participate in fair share funding for freeway, transit, and rail improvements. This fair share obligation shall be met through the payment of Road and Transit Development Fees, and through the establishment and payment of fees into a Public Facilities Financing Plan.
38. Participate on a fair share basis in any program implemented by the County, Caltrans, or other local agencies to reduce vehicle travel on Sunrise Boulevard, White Rock Road, and other congested roadways in the area.
39. Widen Sunrise Boulevard from White Rock Road to Douglas Road from four lanes to six lanes, and from Douglas Road to Jackson Highway from two lanes to four lanes. This widening should occur when traffic volumes reach 90 percent of capacity of a four-lane facility, or 32,400 daily vehicles, and 90 percent of capacity of a two-lane facility or 16,200 daily vehicles.
40. Widen Douglas Road from Americanos Boulevard to access roads approximately 1,500 feet west of Sunrise Boulevard from two lanes to four lanes. This improvement would increase capacity on Douglas Road to accommodate primarily project-generated traffic. This widening should occur when traffic volumes reach 90 percent capacity for a two-lane facility, or 16,200 vehicles.
41. On a "fair share" basis satisfactory to the County Transportation Department, widen Folsom Boulevard to six lanes between Mather Field Road and Coloma Road to accommodate existing and project generated traffic.
42. If feasible at the intersection of Mather Field Road and International Drive under future conditions, on a fair share basis determined by the County Transportation Department, construct dual left-turn lanes on the westbound approach, and a free right-turn lane on the northbound approach.
43. Development in the Specific Plan and Community Plan shall contribute fair-share funding toward the future construction of a 6-lane extension of Jaeger Road from Douglas Road to US 50.

44. Dedicate rights-of-way for arterial and thoroughfare streets consistent with the requirements of the SunRidge Specific Plan prior to approval of tentative subdivision maps that include building lots.

Transportation Improvement Phasing Requirements

45. No more than a cumulative total of 2,000 residential building lots shall be recorded in final maps within the SunRidge Specific Plan prior to the commencement of construction of the eight roadway and one pedestrian/bicycle improvement projects included as Phase 1 bond eligible circulation improvement projects in Figure 17 of the SunRidge Public Facilities Financing Plan ("nine priority projects"), except that the Board of Supervisors may approve final subdivision maps for additional residential building lots within the SunRidge Specific Plan subsequent to a report prepared or approved by the Department of Transportation if it determines that all nine priority projects are expected to be completed prior to traffic generated by said 2,000 residential building lots and that development of more than 2,000 lots will not result in unacceptable traffic congestion or safety problems. Any traffic studies required by County in support of such determination shall be paid for by the final map applicant. For purposes of these conditions 45, 46, 47, and 48 the term "commencement of construction" shall be deemed satisfied if there is a fully executed contract for construction of the improvement, all agreements and bonds required by such contract and the County of Sacramento have been delivered to the appropriate party designated by such contract, and the owner has delivered a "48 Hour Notice to Proceed" to the contractor pursuant to the terms of said contract.
46. No more than a cumulative total of 3,025 residential building lots shall be recorded in final maps within the SunRidge Specific Plan prior to commencement of construction of the twenty-four roadway and one pedestrian/bicycle improvement projects included for SunRidge funding as Phase 1 circulation improvement projects in Figure A-2 of the SunRidge Public Facilities Financing Plan, except that the Board of Supervisors may approve final subdivision maps for additional residential building lots within the SunRidge Specific Plan if it determines that all twenty-four roadway projects and one pedestrian/bicycle project are expected to be completed prior to traffic generated by said 3,025 residential building lots and that development of more than 3,025 lots will not result in unacceptable traffic congestion or safety problems. Any traffic studies required by County in support of such determination shall be paid for by the final map applicant. In the event that the three intersection improvements (Sunrise Blvd./SR-16, Sunrise Blvd./Grantline Rd., and Grantline Rd./SR-16) indicated in Figure A-2 as 100% financed by other sources require supplementary funding, the SunRidge Specific Plan will advance such funding to assure timely construction prior to recording more than 3,025 building lots and will be eligible for reimbursement from the other funding sources if and when available.

47. No more than a cumulative total of 3,025 residential building lots shall be recorded in final maps within the SunRidge Specific Plan prior to the commencement of construction of the Zinfandel Drive extension from International Drive to Douglas Road with a minimum of two continuous traffic lanes on both the Mather and Villages of Zinfandel properties, except that the Board of Supervisors may approve final subdivision maps for additional residential building lots within the SunRidge Specific Plan if it determines that the Zinfandel Drive extension is expected to be completed prior to traffic generated by said 3,025 residential building lots and that development of more than 3,025 lots will not result in unacceptable traffic congestion or safety problems. Any traffic studies required by County in support of such determination shall be paid for by the final map applicant
48. No more than a cumulative total of 6,500 residential building lots shall be recorded in final maps within the SunRidge Specific Plan prior to the commencement of construction of the following circulation improvements in addition to the Phase 1 projects listed in Figure A-2 of the SunRidge Public Facilities Financing Plan:
- a. At least two continuous traffic lanes of the proposed Sunrise Boulevard reliever thoroughfare extending from the vicinity of Douglas Road to Highway US-50 and including freeway interchange access. This requirement may be satisfied by the construction of an alternative thoroughfare alignment determined to be functionally equivalent by the Department of Transportation (e.g., the extension of Jaeger Road, Americanos Boulevard, or Grantline Road to US-50).
 - b. Six traffic lanes on Sunrise Boulevard from Douglas Road to SR-16.
 - c. Four traffic lanes on Douglas Road from the Folsom South Canal bridge to Grantline Road.
 - d. Four traffic lanes on Pyramid Boulevard from Sunrise Boulevard to Americanos Boulevard.
 - e. Four traffic lanes on Americanos Boulevard from Douglas Road to Pyramid Boulevard.
 - f. Four traffic lanes on SR-16 from Bradshaw Road to Sunrise Boulevard.
 - g. Second phase intersection improvements to SR-16/Bradshaw Road, SR-16/Excelsior Road, and SR-16/Eagles Nest Road.

An exception to the above stated requirement is that the Board of Supervisors may approve final subdivision maps for additional residential building lots within the SunRidge Specific Plan if it determines the projects described as 4(a) through 4(g) above are expected to be completed prior to traffic generated by said 6,500 residential building lots and that development of more than 6,500 lots will not result in unacceptable traffic congestion or safety problems. Any traffic studies required by County in support of such determination shall be paid for by the final map applicant.

49. In order to promote the orderly development of the major roadway circulation system in the SunRidge Specific Plan and to minimize traffic and safety problems resulting from discontinuous improvements on arterial and thoroughfare streets serving the traffic from individual development projects, all final maps and associated improvement plans for SRSP subdivisions will be reviewed to determine the adequacy of the SunRidge circulation system improvements currently in place. The County's Transportation Planning and Land Development/Site Improvement Review Sections will determine if additional roadway improvements within the SRSP are required beyond those proposed with final maps/improvement plans. In such determinations, the developer will be required to augment the construction of roadway improvements located on or adjacent to his/her property with other roadway improvements located within SRSP. The matrix of SRSP Onsite Roadway Improvement Phasing Requirements indicated in Table 1 (Section 607-17.6) and keyed to the SunRidge Financing Plan's Roadway CIP is advisory with regard to the particular roadway improvements and traffic criteria to be considered for the development of parcels within each SRSP ownership group as identified in the SRSP Land Use Allocation Table.

Air Quality

50. To reduce emissions of fugitive dust to a less-than-significant level:
- a. Exposed surfaces, graded areas, storage piles, and haul roads should be watered and kept moist at all times.
 - b. Minimize the amount of disturbed area, the amount of material actively worked, and the amount of material stockpiled.
 - c. Limit onsite construction vehicle speeds to 15 miles per hour.
 - d. Sweep or wash paved streets adjacent to project construction sites at least once a day to remove accumulated dust.
 - e. Maintain at least two feet of freeboard when transporting soil or other materials by truck.
 - f. Limit the amount of actively disturbed construction area to 25 acres or less.

51. Implement the following construction-related emissions program:

Category 1: Reducing NOx emissions from off-road diesel powered equipment

The project shall provide a plan for approval by Sacramento Metropolitan Air Quality Management District (SMAQMD) demonstrating that the heavy-duty (>

50 horsepower) off-road vehicles to be used in the construction project, including owned, leased and subcontractor vehicles, will achieve a project wide fleet-average 20 percent NOx reduction and 45 percent particulate reduction¹ compared to the most recent CARB fleet average; and

The project representative shall submit SMAQMD a comprehensive inventory of all off-road construction equipment, equal to or greater than 50 horsepower, that will be used an aggregate of 40 or more hours during any portion of the construction project. The inventory shall include the horsepower rating, engine production year, and hours of use or fuel throughput for each piece of equipment. The inventory shall be updated and submitted monthly throughout the duration of the project, except that an inventory shall not be required for any 30-day period in which no construction activity occurs. At least 48 hours prior to the use of subject heavy-duty off-road equipment, the project representative shall provide SMAQMD with the anticipated construction timeline including start date, and name and phone number of the project manager and on-site foreman.

and:

Category 2: Controlling visible emissions from off-road diesel powered equipment

The project shall ensure that emissions from all off-road diesel powered equipment used on the project site do not exceed 40 percent opacity for more than three minutes in any one hour. Any equipment found to exceed 40 percent opacity shall be repaired immediately, and SMAQMD shall be notified within 48 hours of identification of non-compliant equipment. A visual survey of all in-operation equipment shall be made at least weekly, and a monthly summary of the visual survey results shall be submitted throughout the duration of the project, except that the monthly summary shall not be required for any 30-day period in which no construction activity occurs. The monthly summary shall include the quantity and type of vehicles surveyed as well as the dates of each survey. The SMAQMD and/or other officials may conduct periodic site inspections to determine compliance. Nothing in this section shall supersede other SMAQMD or state rules or regulations.

¹ Acceptable options for reducing emissions may include use of late model engines, low-emission diesel products, alternative fuels, engine retrofit technology, after-treatment products, and/or other options as they become available.

52. Implement the AQ-15 Air Quality Plan which was found acceptable by the SMAQMD staff on March 22, 2002, and a summary of which is incorporated into the SunRidge Specific Plan text. Alternate measures may be substituted for those included in the AQ-15 Plan if approved by the SMAQMD.

Noise and Land Use Control

53. No residential uses shall be allowed within 500 feet of the intersection of Sunrise Boulevard and Douglas Road, for so long as the Cordova Shooting Center facility remains operational.
54. Future non-residential development projects located within 500 feet of the intersection of Sunrise Boulevard and Douglas Road should avoid the inclusion of land uses which may be particularly sensitive to gunfire noise, for so long as the Cordova Shooting Center facility remains operational.
55. No residential uses shall be allowed within 500 feet of the American River Aggregates (now Teichert Aggregates) plant boundary, for so long as the American River Aggregates facilities remain operational.
56. Future non-residential development projects located within 500 feet of the American River Aggregates plant boundary should avoid the inclusion of land uses which may be particularly sensitive to truck and plant noise, for so long as the American River Aggregates facilities remain operational.
57. Future noise-sensitive land uses proposed for development within the future 60 dB Ldn traffic noise contour shall be required to prepare an acoustical analysis, and to implement identified noise attenuation measures necessary to ensure compliance with the noise standards of the County General Plan Noise Element.
58. Future commercial, business/professional and school land uses with the potential to create noise-related land use conflicts with proximate residential uses shall be required to prepare an acoustical analysis, and to implement identified noise attenuation measures necessary to ensure compliance with the noise standards of the County General Plan Noise Element.

Biological Resources/Wetlands

59. In conjunction with the filing and processing of applications for future development entitlements (such as tentative subdivision maps or development plans) within the SunRidge Specific Plan area, such project proponents shall submit a wetland delineation for the proposed development area, and a detailed plan which describes the specific methods to be implemented to avoid and/or mitigate any project impacts upon wetlands such that no net loss in wetland habitat acreage and values is achieved. This detailed Wetland Avoidance/Mitigation Plan shall be prepared in consultation with the US Army Corps of Engineers, the USFWS, and the CDFG, and the US Environmental Protection Agency (EPA), and shall incorporate the following components:

- a. A wetland delineation of the project site and any proposed off-site wetland preservation/creation sites(s), verified by the US Army Corps of Engineers;
 - b. The location of proposed wetland preservation, acquisition, and creation site(s);
 - c. A detailed map of proposed wetland creation site(s) showing the acreage, distribution, and type of wetlands to be created to ensure no net loss in wetland habitat acreage, values, and functions.
Compensation wetlands shall be designed to:
 - Meet or exceed the hydrophytic conditions and operating functions of the existing wetlands proposed for impact;
 - Mitigate the loss of special status species habitat, including fairy/tadpole shrimp, as required by the USFWS and the CDFG;
 - d. A monitoring plan designed to assess whether the compensation wetlands are functioning as intended. Specific performance standards for hydrologic, floral, and faunal parameters shall be proposed to determine success of the created wetlands. The monitoring plan shall specify the corrective measures/modifications to be implemented in the event that monitoring indicates that the performance standards are not being met. Monitoring shall occur for at least five years and until success criteria are met, and as required by the US Army Corps of Engineers and the USFWS; and
 - e. A maintenance plan for the wetland preservation/mitigation areas describing the measures to be implemented to assure that they are maintained as wetland habitat in perpetuity. The maintenance plan shall address buffering from adjacent uses, fencing, access, erosion control, and weed eradication.
60. At the time applicants obtain permit(s) for future development projects which impact wetlands, alternative strategies may have been adopted to mitigate for wetland impacts. The prior condition does not preclude the implementation of these new alternatives so long as they achieve no net loss in wetland habitat acreage and values, and are determined to be acceptable to the US Army Corps of Engineers, USFWS, CDFG, and EPA.
61. Prior to approval of any future development projects (such as tentative subdivision maps, development plans, improvement plans) within the project area, obtain all necessary US Army Corps of Engineers permits pursuant to Section 404 of the Clean Water Act, and all necessary California Endangered Species Act

permits and Streambed Alteration Agreements from the CDFG, pursuant to the Fish and Game Code.

62. The Specific Plan shall be amended, if deemed necessary by the Planning Director, following completion of wetland studies and permitting requirements on properties within the Specific Plan, to identify additional wetlands/open space requirements. Development shall be consistent with such requirements and conducted in a manner to achieve a continuous open space corridor from the westerly portion of SunRidge to the easterly/northeasterly side of SunRidge (including intervening property), including a bicycle trail system.
63. Wetland impacts within the Sares-Regis (now AKT/Anatolia) property (Parcels B-1 through B-27, as shown on Plate LA-15 in the FEIR) shall be mitigated through compliance with all provisions of the US Army Corps of Engineers Section 404 Permit (#190110021) dated May 8, 1996, including implementation of the USFWS Biological Opinion (#1-1-96-F-0062) dated April 3, 1996 as amended by the USFWS Biological Opinion (#1-1-96-F-113) dated July 3, 1996, and the Sares-Regis Project Wetland Monitoring Plan prepared by Sugnet and Associates dated April 24, 1996. Owner of the former Sares-Regis (now AKT/Anatolia) wetland preserve property shall establish a Habitat Maintenance Financing Program, including an initial endowment and voluntary contribution, for the Sares-Regis (now AKT/Anatolia) property to the satisfaction of the County Infrastructure Finance Section, prior to approval of improvement plans on the AKT/Anatolia property.
64. In conjunction with the filing and processing of applications for future development entitlements (such as tentative subdivision maps or development plans) within the SunRidge Specific Plan area, such project proponents shall conduct (or update) determinate surveys for potentially occurring special status species or their habitat using protocol acceptable to the regulatory agencies with authority over these species.

If any of the special status species or their habitat are indicated, a detailed plan which describes the specific methods to be implemented to avoid and/or mitigate any project impacts upon special status species to a less than significant level will be required. This detailed Special Status Species Avoidance/Mitigation Plan shall be prepared in consultation with the USFWS and CDFG, and shall emphasize a multi-species approach to the maximum extent possible.

Where project impacts include taking of a federally listed species, a Section 10 Incidental Take Permit or a Biological Opinion resulting from Section 7 Consultation with another federal agency shall be obtained from the USFWS and permit conditions implemented, pursuant to the federal Endangered Species Act.

Where project impacts include taking of a state listed species, an Incidental Take Permit shall be obtained from the CDFG and permit conditions implemented, pursuant to the California Endangered Species Act.

65. Applicants for future development projects within the project area which result in a loss of Swainson's hawk foraging habitat shall mitigate for such loss by implementing one of the following alternatives:
- a. For projects within a one mile radius of an active nest site, the project proponent shall preserve 1.0 acre of similar habitat for each acre lost within a ten mile radius of the project site. For projects within a one to five mile radius of an active nest site, the project proponent shall preserve 0.75 acre of similar habitat for each acre lost within a ten mile radius of the project site. For projects within a five to ten mile radius of an active nest site, the project proponent shall preserve 0.5 acre of similar habitat for each acre lost within a ten-mile radius of the project site. This land shall be protected through fee title or conservation easement (acceptable to the Department of Fish and Game).
 - b. The project proponent shall, to the satisfaction of the CDFG, prepare and implement a Swainson's hawk mitigation plan that will include preservation of Swainson's hawk foraging habitat.
 - c. The project proponent shall submit payment of a Swainson's hawk impact mitigation fee per acre impacted to the Department of Planning and Community Development in the amount as set forth in Chapter 16.130 of the Sacramento County Code as such may be amended from time to time and to the extent that said Chapter remains in effect.
 - d. Should the County Board of Supervisors adopt a Swainson's hawk mitigation policy/program (which may include a mitigation fee) prior to implementation of one of the measures above, the project proponent may be subject to that program instead.
66. Prior to each phase of grading and construction, a pre-construction survey shall be performed between April 1 and July 31 to determine if active raptor nesting is taking place in the area. If nesting is observed, consultation with the Department of Fish and Game shall occur in order to determine the protective measures which must be implemented for the nesting birds of prey. If nesting is not observed, further action is not required.

Trees

67. In conjunction with the filing and processing of applications for future development entitlements (such as tentative subdivision maps or development plans) within the SunRidge Specific Plan area, such project proponents shall

submit a survey identifying the specific type, size, and location of all existing on-site trees. Existing on-site trees shall be protected and preserved to the maximum extent feasible. Consistent with General Plan policies, the removal of any native oak tree measuring six inches or greater in diameter at breast height (dbh) and the removal of any non-oak native tree (excluding cottonwoods and willows) measuring 19 inches or greater dbh necessary to accommodate future development shall be mitigated by planting replacement trees (in-kind species on an inch-for-inch basis) within the project area. In addition, other non-native landmark size (19" or greater) may require mitigation as determined on a project-by-project basis.

Cultural Resources

68. Should any cultural resources, such as structural features, unusual amounts of bone or shell, artifacts, human remains, or architectural remains be encountered during any development activities, work shall be suspended and the Sacramento County Department of Environmental Review and Assessment shall be immediately notified. At that time, the Department of Environmental Review and Assessment will coordinate any necessary investigation of the site with appropriate specialists, as needed. The project proponent shall be required to implement any mitigation deemed necessary for the protection of the cultural resources. In addition, pursuant to Section 5097.98 of the State Public Resources Code and Section 7050.5 of the State Health and Safety Code, in the event of the discovery of human remains, all work is to stop and the County Coroner shall be immediately notified. If the remains are determined to be Native American, guidelines of the Native American Heritage Commission shall be adhered to in the treatment and disposition of the remains.

Hazardous Materials

69. Future development proposals within the two fruit orchards in the Community Plan area north of Douglas Road shall implement a soil sampling and analysis program for organochlorine pesticides, lead, and arsenic. Prior to implementation, the soil sampling and analysis program shall be approved by a toxicologist from the Cal-EPA, Office of Environmental Health Hazard Assessment (OEHHA). The soil sampling results shall be submitted to the Cal-EPA Department of Toxic Substances Control (DTSC), for a determination of whether detected concentrations of the sampled substances fall within acceptable health risk guidelines and, if they do not, the remedial measures which must be implemented to ensure the protection of human health. Prior to grading or construction activities, individual project proponents shall implement any measures required for the remediation of contaminated soils to protect human health.
70. Future development projects within the Sunrise Douglas Plan area shall coordinate with SMUD to ensure that all transformers which predate 1979/80 are

sampled and analyzed as needed to determine the presence or absence of PCBs. All PCB-containing transformers shall be removed and replaced with PCB-free transformers.

71. Asbestos surveys and abatement procedures shall be completed for each of the structures within the project area which are intended to be razed or otherwise disturbed in accordance with the SMAQMD Asbestos Rules and Regulations.
72. As development occurs, each site shall be specifically inspected for water supply wells, septic tanks, leach lines, and cisterns. All water supply wells shall be properly destroyed via the well abandonment procedures of the County Environmental Health Division. Septic tanks, leach lines, and cisterns shall be located, removed, and backfilled in accordance with the recommendations of a qualified geotechnical engineer.
73. As development occurs, all debris, trash, refuse, and abandoned, discarded, and/or out-of-service items shall be removed from the affected properties and disposed of or recycled off-site.
74. As development occurs, the actions identified below shall be taken for each identified parcel. All remedial actions recommended as a result of any of these site investigations shall be fully implemented.

APN	ACTION
067-0030-006	Remove debris
067-0030-019	Remove debris
067-0030-027	Remove debris
067-0040-016	Remove debris
067-0090-016	Remove debris
067-0090-017	Remove debris
072-0300-004	Field reconnaissance; remove debris

75. Any discovered underground storage tanks (farm tanks) shall be removed as required by the County Environmental Management Department (EMD), Hazardous Materials Division. In addition, groundwater and soil investigation for contamination and remediation in the tank vicinity shall be conducted if required by the EMD.

Development Plan Review

76. All commercial developments are subject to Development Plan Approval by the Board of Supervisors for the purpose of assuring design compatibility with adjacent land uses, assuring that a desirable architectural theme is consistent throughout the commercial development, assuring that appropriate pedestrian and

bicycle facilities are provided, and assuring an appropriate relationship to the required pedestrian plaza.

Right-to Farm Ordinance Disclosure

77. Disclose to prospective buyers within 500 feet of any active farming operation, through notification in the title report, that they could experience inconvenience or discomfort resulting from accepted farming activities pursuant to the provisions of the County Right-to-Farm Ordinance.

Procedural/Effective Dates

78. This rezoning shall not become effective until at least 30 days after the adoption of the SunRidge Specific Plan, and the SunRidge Specific Plan shall not become effective until at least 30 days after the adoption of the applicable General Plan amendments.

607-16. REVIEW AUTHORITY.

- A. Review Authority: The Director of the Planning and Community Development Department shall be the appropriate authority to review individual development projects proposed within the boundaries of the SunRidge Specific Plan to determine consistency with the provisions of the SunRidge Specific Plan, and to determine additional required review and hearing processes.
- B. Plan Amendments: Amendments to the Specific Plan may include, but are not limited to, changes to land use designations on the land use map, changes to policies, development regulations or design criteria as determined by the Planning Director. Applications for amendment to the Specific Plan shall be made to the County Planning and Community Development Department and shall be subject to payment of any applicable application processing fees. Application made for amendments shall be subject to environmental review by the Department of Environmental Review and Assessment. All applications for amendment to the Specific Plan shall be subject to review by the County Planning and Community Development Department to determine if additional

entitlement requests, including a General Plan amendment, will be required to accompany the amendment application.

- C. Appeals: Decisions of the Planning Director, Zoning Administrator, Project or Policy Planning Commissions may be appealed to the appropriate review authority after following standard procedures as set forth in Zoning Code Section 115-30.

607-17. Exhibits. Sections 607-17.1 through 607-17.6 regulate the property described in Section 607-17.1 and are attached hereto and by this reference incorporated into this ordinance. The SunRidge Specific Plan text is incorporated by reference.

- 607-17.1 SunRidge Specific Plan Project Area
- 607-17.2 SunRidge Specific Plan Land Use Diagram
- 607-17.3 Residential-Open Space Use Table
- 607-17.4 Residential/Land Use Allocation Map
- 607-17.5 Residential/Land Use Allocation Table
- 607-17.6 Roadway Improvement Phasing Requirements (for Zoning Condition 49)

SECTION II: This ordinance shall take effect and be in full force on thirty (30) days from the date of its passage, and before expiration of fifteen (15) days from the date of passage it shall be published with the names of the members of the Board of Supervisors voting for and against the same, said publication to be made in a newspaper of general circulation published within the County of Sacramento, State of California.

On a motion by Supervisor Dickinson, seconded by Supervisor Collin, the foregoing ordinance was passed and adopted by the Board of Supervisors of the County of Sacramento, State of California, this 17th day of July, 2002, by the following vote, to wit:

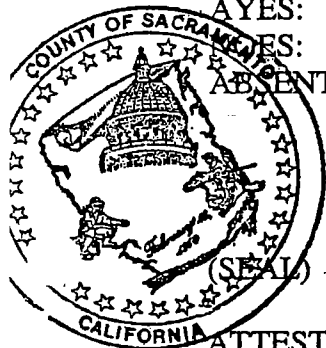
AYES:

Supervisors Collin, Dickinson, Niello, Nottoli

NES:

Supervisors None

ABSENT:

Supervisors Johnson

ATTEST:

Cathy L. Turner
 Deputy Clerk, Board of Supervisors

Don Nottoli
 CHAIRPERSON, Board of Supervisors
 County of Sacramento, California

In accordance with the provisions of the California Constitution, the Board of Supervisors of the County of Sacramento, California, hereby certifies that the foregoing is a true and correct copy of the original of the ordinance passed and adopted by the Board of Supervisors on

JUL 17 2002

Faith Hummel
 Deputy Clerk, Board of Supervisors

APPROVED
BOARD OF SUPERVISORS

JUL 17 2002

Cathy L. Turner
 Deputy Clerk, Board of Supervisors

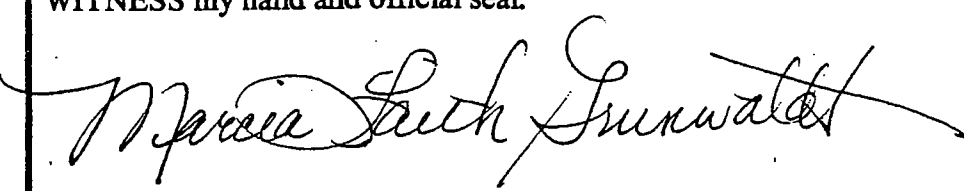
CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

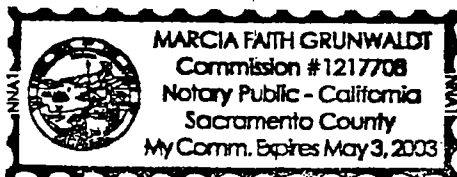
STATE OF CALIFORNIA

COUNTY OF
SACRAMENTO

On July 25, 2002, before me, Marcia Faith Grunwaldt, personally appeared Cindy H. Turner, personally known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her authorized capacities, and that by her signature on the instrument the person, or the entities upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.



Marcia Faith Grunwaldt
OPTIONAL SECTION

Though statute does not require the Notary to fill in the data below, doing so may prove invaluable to persons relying on the document.

INDIVIDUAL
CORPORATE
OFFICER(S)

Title(s)

PARTNER(S)
LIMITED
GENERAL
ATTORNEY-IN-FACT
TRUSTEE(S)
GUARDIAN
CONSERVATOR
OTHER: Clerk of the
Board of Supervisors

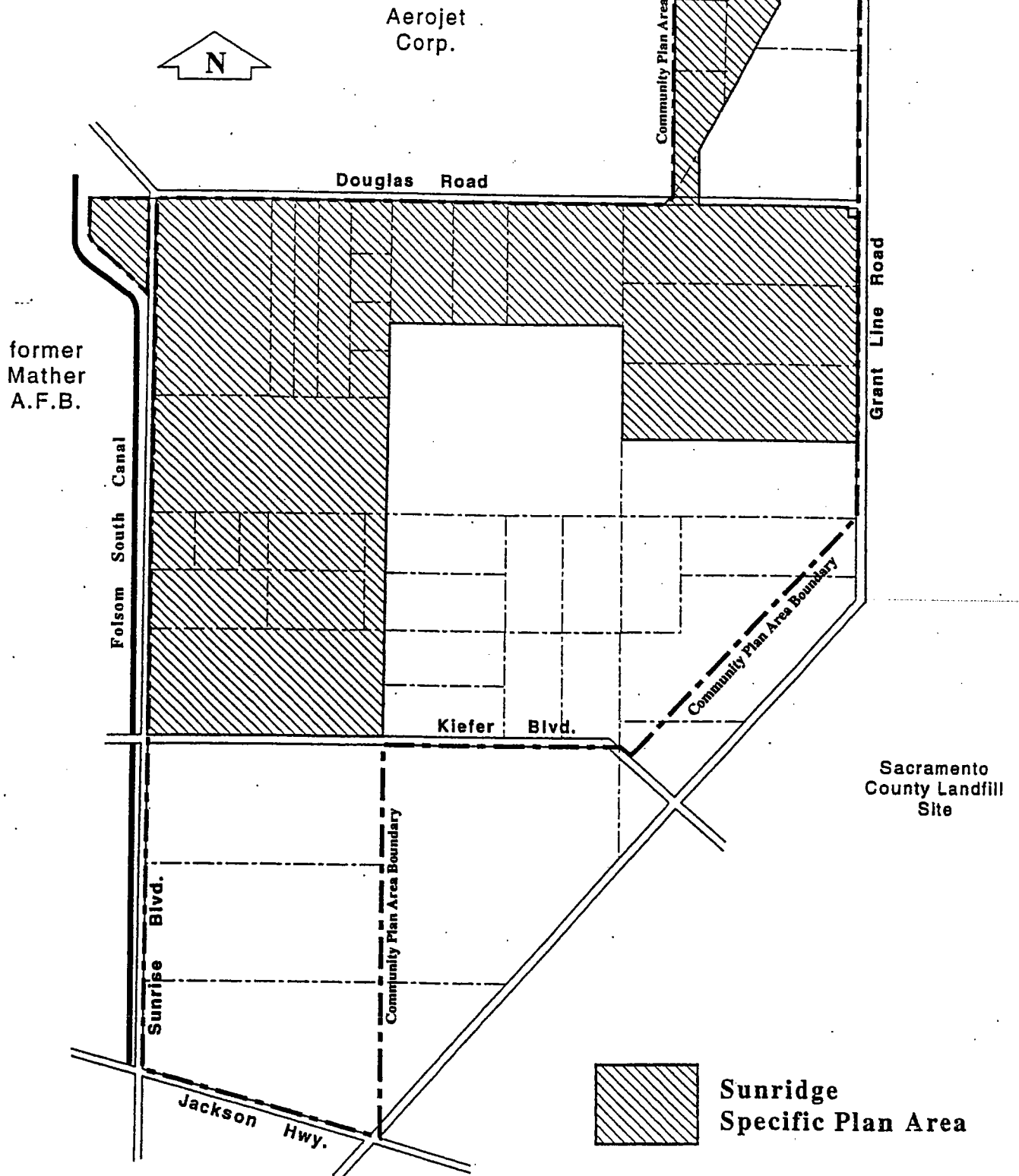
SIGNER IS REPRESENTING
Name of Person(s) or
entity(ies): County of
Sacramento

OPTIONAL SECTION

DATA REQUESTED HERE
IS NOT REQUIRED
BY LAW.

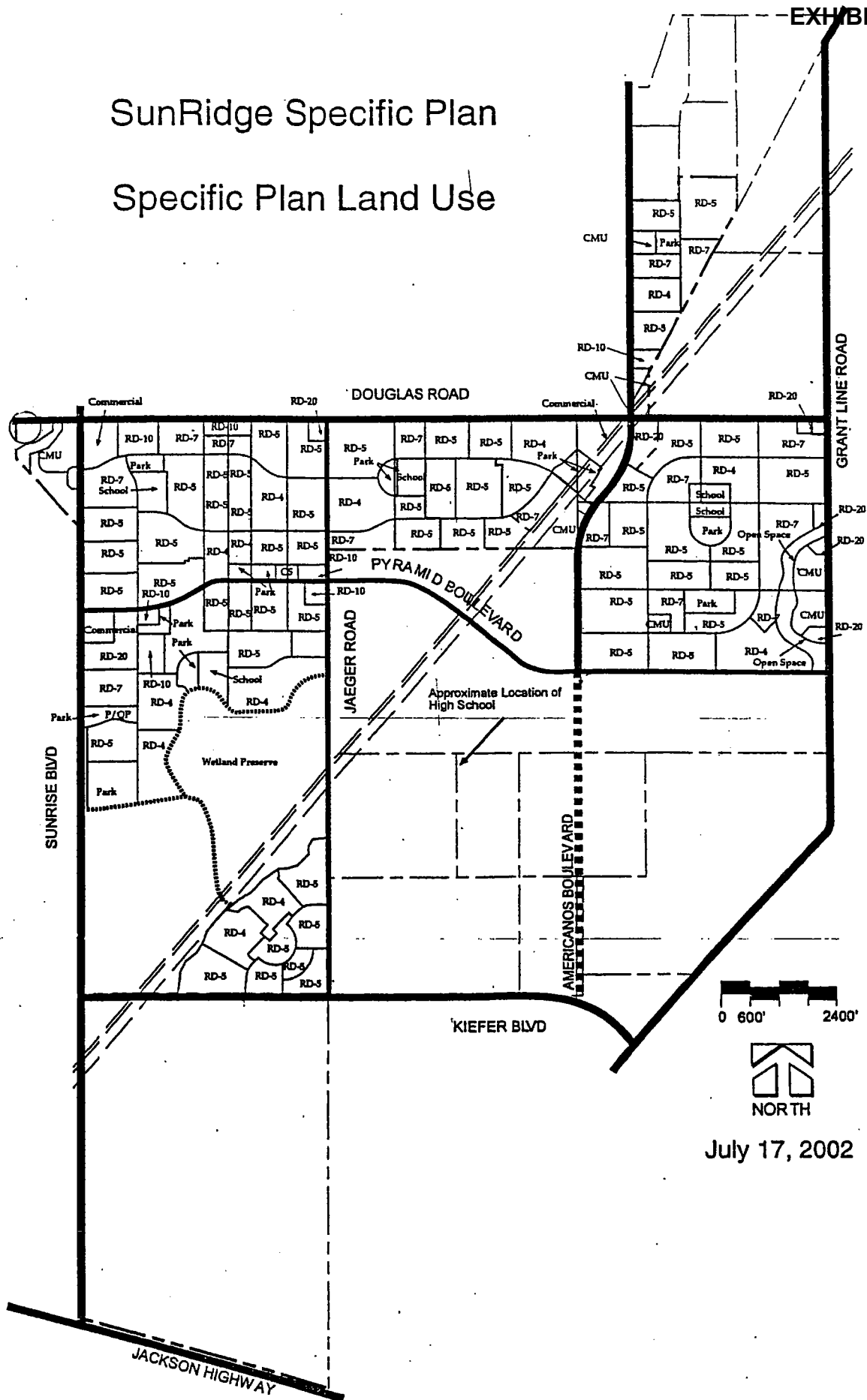
TITLE OR TYPE OF DOCUMENT: Ordinance No. SZC-2002-0015
NUMBER OF PAGES: 44 pages (includes attachments)
DOCUMENT DATE: July 17, 2002
SIGNER(S) OTHER THAN NAMED ABOVE _____

Sec. 607-17.1
SUNRIDGE
SPECIFIC PLAN AREA



SunRidge Specific Plan

Specific Plan Land Use



July 17, 2002

Reference to County Zoning Ordinance, Section 201-02,	Land Use Category	Permitted or Conditionally Permitted By Residential Zone				
		RD-4	RD-5	RD-7	RD-10	RD-20
	RESIDENTIAL					
1	Single Family Dwelling (Except Mobilehome)	X	X	X	X	X
2	Single Family Dwelling: Over 2 Stories or 30 Feet	13	13	13	X	X
3	Two Family Dwelling-Duplex and Halfplex		2	X	X	X
4	Two Family Dwelling: Over 2 Stories or 30 Feet		13	13	X	X
10	Multiple Family-Apartments				12	X
11	Condominiums	12	12	12	12	12
12	Townhouse, Row House, or Cluster Development	12	12	12	12	12
21	Boarding House				13	1
22	Co-Housing *	12	12	12	12	12
30	Residential Care for More than 6 Children	13	13	13	13	14
31	Residential Care for More than 6 Adults	13	13	13	13	14
32	Child Day Care for More than 6 Children	13	13	13	X	X
33	Family Day Care Home	15	15	15	15	15
40	Accessory Uses and Structures	X	X	X	X	X
43	Residential Accessory Dwelling	25	25	25	25	25
	COMMERCIAL					
1	Home Occupation	X	X	X	X	X
2	Business and Professional Office	5	5	5	5	5
4	Convenience Center	6	6	6	6	6
9	Medical Offices	5	5	5	5	5
11	Bed and Breakfast Inn	31	31	31	31	31
	Neighborhood Work Center	12	12	12	12	12
	INSTITUTIONAL					
1	Convalescent Hospital, Skilled Nursing	12	12	12	12	12
2	Hospital	12	12	12	12	12
3	Cemetery	12	12	12	12	12
10	Private Social Center	12	12	12	12	12
20	Church	13	13	13	13	13
21	Public School (K-12)	X	X	X	X	X
22	Private School (K-12)	13	13	13	13	13
23	College or University	12	12	12	12	12
24	Other Private Schools	12	12	12	12	12
	RECREATION					
1	Public Parks and Ancillary Uses	X	X	X	X	X
	Legend					
X	Permitted Without Condition					
13	Permitted with Conditions, the number code indicates the conditions as described in					
	Differs from the standard in County Zoning Ordinance, Section 201-02, Table 1.					

Table 3-2 Conditional Use Footnotes:

- 'X' An X indicates that the described use is permitted in the zone.
- * "Co-housing" refers to a form of housing in which several households form a cooperative to jointly own and occupy housing that includes private suites as well as shared kitchens and common areas.
1. Permitted subject to development plan review by the Planning Director, pursuant to the provisions of Title 1, Chapter 10, Article 7 of the Zoning Code.
 2. Duplexes and halfplexes are permitted:
 - (a) On corner lots with a maximum of ten (10) or fewer units in a single project.
 - (b) On interior lots with a maximum of ten (10) or fewer units in a single project, as follows:
 - (i) In the RD-5 and RD-7 zones, subject to issuance of a use permit by the appropriate authority.
 - (ii) In the RD-10, RD-20, RD-30, and RD-40 zones as permitted uses.
 - (c) In proposed projects of more than ten (10) units, subject to issuance of a use permit by the Board of Supervisors.
 - (d) Conversion of existing duplex units to halfplexes is subject to issuance of a use permit by the appropriate authority.
 - (e) Subject to compliance with development standards in Title III, Chapter 5, Article 4.
 5. Permitted for projects not to exceed one (1) net acre in size subject to issuance of a conditional use permit by the appropriate authority and the findings required by Sections 110-30 and 110-31 (County Zoning Ordinance).
 6. Permitted for projects not to exceed three (3) net acres in size subject to issuance of a conditional use permit by the appropriate authority and the findings required by Sections 110-30 and 110-31 (County Zoning Ordinance).
 12. Permitted subject to the issuance of a conditional use permit by the appropriate authority.
 13. Permitted subject to issuance of a conditional use permit by the Zoning Administrator. Where the application is for churches exceeding 150 person seating capacity, private schools exceeding 100 students, indoor recreation facilities over 500 person maximum occupancy, theatres exceeding a total seating capacity of 500 or containing more than four (4) screens, or day care centers exceeding 36 children or adults, the Project Planning Commission shall be the appropriate authority.
 14. Permitted not to exceed twenty (20) persons receiving care. Permitted for over twenty (20) persons receiving care subject to issuance of a conditional use permit by the Zoning Administrator.
 15. Permitted not to exceed a total of twelve (12) persons including those received day care and children of the resident family who are under twelve (12) years of age. Permitted for over twelve (12) persons subject to issuance of a conditional use permit by the Zoning Administrator.
 25. Permitted subject to issuance of a conditional use permit by the Zoning Administrator and subject to the regulations of Section 305-09 (County Zoning Ordinance). If the proposed residential accessory is a manufactured home, as defined in Section 130-120.1, the requirements of Section 305-09 shall constitute the architecture requirements for the dwelling.

EXHIBIT A

SunRidge Specific Plan

Land Use Allocation by Parcel

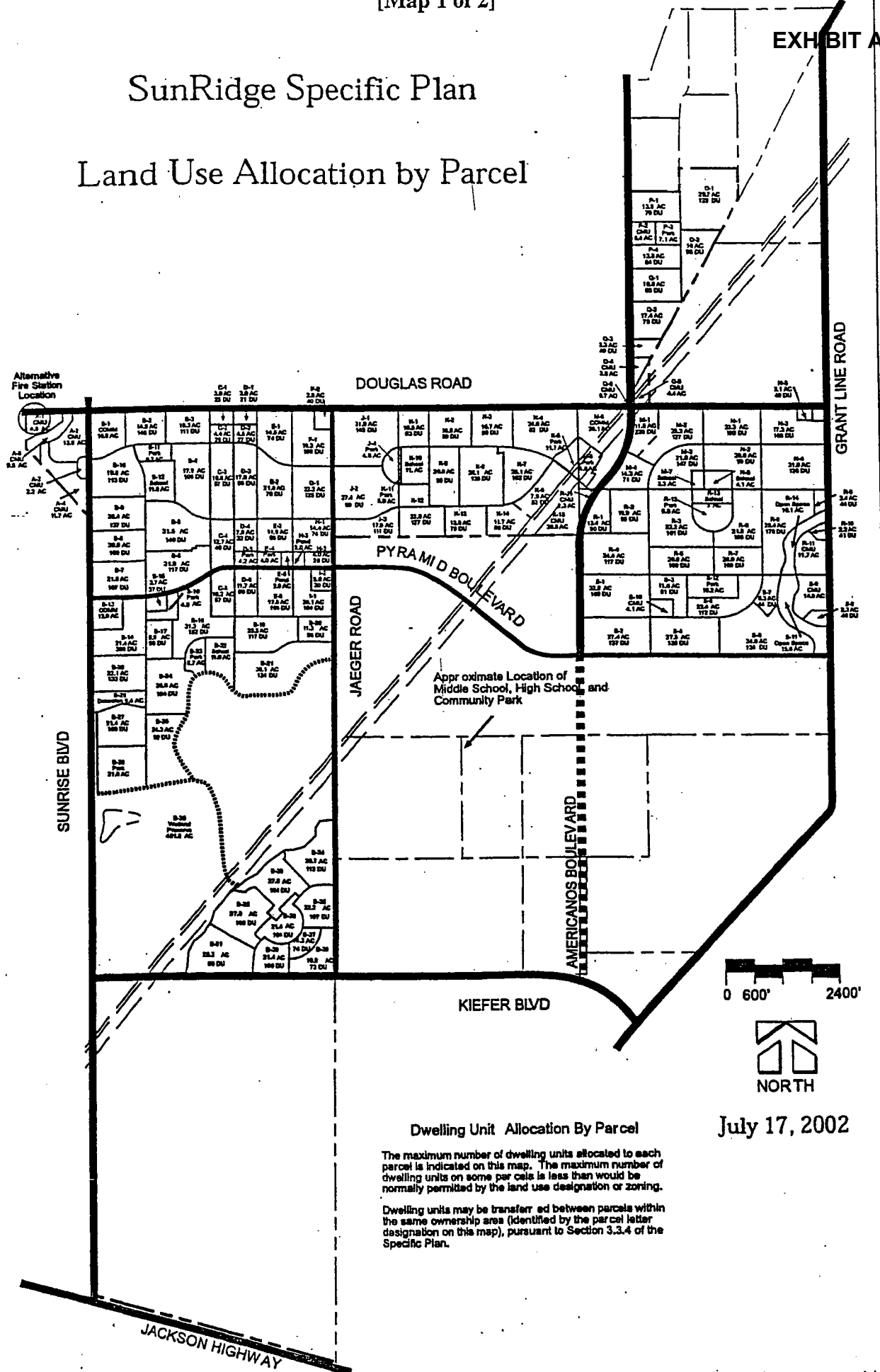
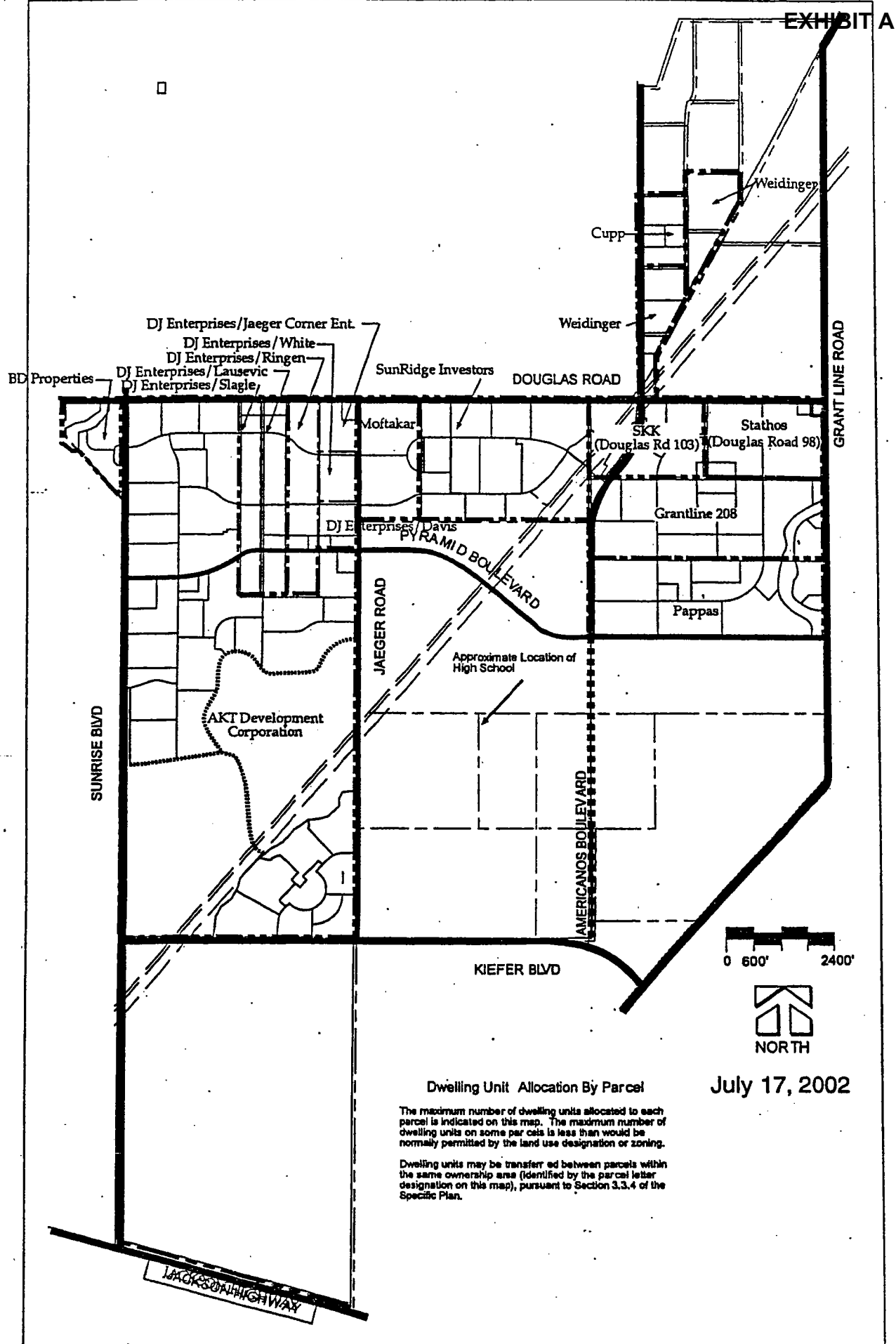


EXHIBIT A



Property Owner	Parcel	Land Use	Zone	Acres	Units	Neighborhood
BD Properties						
	A-1	CMU	LC	4.6	0	A
	A-2	CMU	LC	13.0	0	A
	A-3	CMU	LC	2.2	0	A
	A-4	CMU	LC	11.7	0	A
	A-5	CMU	LC	9.5	0	A
Total Base Allocation				41.0	0	
Potential MDR in CMU				10.3	210	
Maximum Potential Residential Allocation						
AKT Development Corporation						
	B-1	Commercial	SC	16.0	0	A
	B-2	RD-10	RD-10	14.5	145	A
	B-3	RD-7	RD-7	18.3	111	A
	B-4	RD-5	RD-5	17.9	106	A
	B-5	RD-5	RD-5	31.5	149	A
	B-6	RD-5	RD-5	31.9	117	A
	B-7	RD-5	RD-5	21.8	107	A
	B-8	RD-5	RD-5	20.0	109	A
	B-9	RD-7	RD-7	20.4	137	A
	B-10	RD-7	RD-7	19.8	113	A
	B-11	Park	O	6.7	0	A
	B-12	School	RD-5	11.0	0	A
	B-13	Commercial	SC	12.0	0	B
	B-14	RD-20	RD-20	21.4	300	B
	B-15	Private Recreation Center	RD-10	3.7	37	B
	B-16	Park	RD-5	4.5	0	B
	B-17	RD-10	RD-10	9.9	99	B
	B-18	RD-5	RD-5	31.3	152	B
	B-19	RD-5	RD-5	25.5	117	B
	B-20	RD-5	RD-5	11.3	56	B
	B-21	RD-4	RD-4	36.1	124	B
	B-22	School	RD-5	11.0	0	B
	B-23	Park	O	5.7	0	B
	B-24	RD-4	RD-4	26.8	104	B
	B-25	RD-4	RD-4	24.3	92	B
	B-26	Park	O	21.6	0	B
	B-27	RD-5	RD-5	21.4	108	B
	B-28	Detention/Water Quality	O	9.4	0	B
	B-29	RD-7	RD-7	22.1	133	B
	B-30	Open Space/Wetland Preserve	O	481.6	0	B
	B-31	RD-5	RD-5	25.2	99	B
	B-32	RD-4	RD-4	27.6	106	B
	B-33	RD-4	RD-4	27.9	104	B
	B-34	RD-5	RD-5	28.7	112	B
	B-35	RD-5	RD-5	22.2	107	B
	B-36	RD-5	RD-5	21.4	104	B

Sunrise Douglas Specific Plan
Land Use by Parcel

EXHIBIT A

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Property Owner	Parcel	Land Use	Zone	Acres	Units	Neighborhood
	B-37	RD-5	RD-5	14.3	74	B
	B-38	RD-5	RD-5	19.9	73	B
	B-39	RD-5	RD-5	21.4	100	B
Total Base Allocation				1218.0	3,295	
Maximum Potential Residential Allocation					3,295	
DJ Enterprises/Slagle						
	C-1	RD-10	RD-10	3.0	25	A
	C-2	RD-7	RD-7	4.4	29	A
	C-3	RD-5	RD-5	16.8	87	A
	C-4	RD-4	RD-4	12.7	48	A
	C5	RD-5	RD-5	10.2	57	B
Total Base Allocation				47.1	246	
Maximum Potential Residential Allocation					246	
DJ Enterprises/Lausevic						
	D-1	RD-10	RD-10	3.0	21	A
	D-2	RD-7	RD-7	4.5	27	A
	D-3	RD-5	RD-5	17.0	88	A
	D-4	RD-4	RD-4	7.9	32	A
	D-5	Park/Detention Basin	O	4.2	0	A
	D-6	RD-5	RD-5	11.7	69	B
Total Base Allocation				48.3	237	
Maximum Potential Residential Allocation					237	
DJ Enterprises/Ringen						
	E-1	RD-5	RD-5	14.6	74	A
	E-2	RD-4	RD-4	21.6	78	A
	E-3	RD-5	RD-5	11.9	65	A
	E-4	Park./Detention Basin	O	4.0	0	A
	E-5	Water Quality Pond	O	2.0	0	A
	E-6	RD-5	RD-5	17.8	106	B
Total Base Allocation				71.9	323	
Maximum Potential Residential Allocation					323	
DJ Enterprises/Jaeger Corner Ent.						
	F-1	RD-5	RD-5	19.3	106	A
	F-2	RD-20	RD-20	2.8	40	A
Total Base Allocation				22.1	146	
Maximum Potential Residential Allocation					146	
DJ Enterprises/White						
	G-1	RD-5	RD-5	22.2	125	A
Total Base Allocation				22.2	125	
Maximum Potential Residential Allocation					125	

Sunrise Douglas Specific Plan
Land Use by Parcel

EXHIBIT A

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Property Owner	Parcel	Land Use	Zone	Acres	Units	Neighborhood
DJ Enterprises/Davis						
	H-1	RD-5	RD-5	14.4	74	A
	H-2	RD-10	RD-10	4.0	28	A
	H-3	Water Quality Pond	O	2.0	0	A
Total Base Allocation				20.4	102	
Maximum Potential Residential Allocation					102	
AKT Development Corporation						
	I-1	RD-5	RD-5	20.1	104	B
	I-2	RD-10	RD-10	5.0	30	B
Total Base Allocation				25.1	134	
Maximum Potential Residential Allocation					134	
Moftakar						
	J-1	RD-5	RD-5	31.0	145	C
	J-2	RD-4	RD-4	27.4	90	C
	J-3	RD-7	RD-7	17.9	111	C
	J-4	Park	O	4.8	0	C
Total Base Allocation				81.1	346	
Maximum Potential Residential Allocation					346	
SunRidge Investors						
	K-1	RD-7	AG-20	10.8	63	C
	K-2	RD-5	AG-20	16.0	80	C
	K-3	RD-5	AG-20	16.7	80	C
	K-4	RD-4	AG-20	24.6	82	C
	K-5	Park	AG-20	11.7	0	C
	K-6	RD-7	AG-20	7.9	52	C
	K-7	RD-5	AG-20	20.1	102	C
	K-8	RD-5	AG-20	26.1	130	C
	K-9	RD-5	AG-20	20.0	95	C
	K-10	School	AG-20	11.0	0	C
	K-11	Park	AG-20	0.8	0	C
	K-12	RD-5	AG-20	22.8	127	C
	K-13	RD-5	AG-20	13.5	76	C
	K-14	RD-5	AG-20	11.7	60	C
	K-15	Commercial	AG-20	30.5	0	C
Total Base Allocation				244.2	947	
Potential MDR in CMU				7.6	98	
Maximum Potential Residential Allocation					1,045	
SKK (Douglas Road 103)						
	M-1	RD-20	RD-20	11.8	226	E
	M-2	RD-5	RD-5	25.3	127	E
	M-3	RD-7	RD-7	21.0	147	E
	M-4	RD-5	RD-5	14.3	71	E
	M-5	Commercial	SC	26.1	0	C
	M-6	Park	O	5.0	0	C

Sunrise Douglas Specific Plan
Land Use by Parcel

EXHIBIT A

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Property Owner	Parcel	Land Use	Zone	Acres	Units	Neighborhood
	M-7	School (ptn)	RD-7	2.3	0	E
Total Base Allocation				105.8	571	
Maximum Potential Residential Allocation					571	
Stathos (Douglas Rd 98)						
	N-1	RD-5	RD-5	22.3	100	E
	N-2	RD-4	RD-4	28.0	99	E
	N-3	RD-7	RD-7	17.3	108	E
	N-4	RD-5	RD-5	31.0	136	E
	N-5	RD-20	RD-20	2.1	40	E
	N-6	School	RD-4	4.1	0	E
Total Base Allocation				104.8	483	
Maximum Potential Residential Allocation					483	
Weidinger						
	O-1	RD-5	RD-5	29.7	128	D
	O-2	RD-7	RD-7	16	96	D
Total Base Allocation				45.7	224	
Maximum Potential Residential Allocation					224	
Cupp						
	P-1	RD-5	RD-5	13.9	70	D
	P-2	CMU	LC	6.4	0	D
	P-3	Park	O	7.1	0	D
	P-4	RD-7	RD-7	13.8	84	D
Total Base Allocation				41.2	154	
Potential MDR in CMU				1.6	32	
Maximum Potential Residential Allocation					186	
Shultz						
	Q-1	RD-4	RD-4	16.8	63	D
	Q-2	RD-5	RD-5	17.4	78	D
	Q-3	RD-10	RD-10	5.3	40	D
	Q-4	CMU	LC	3.5	0	D
	Q-5	CMU	LC	4.4	0	D
	Q-6	CMU	LC	0.7	0	D
Total Base Allocation				48.1	181	
Potential MDR in CMU				2.2	44	
Maximum Potential Residential Allocation					225	
Grantline 208						
	R-1	RD-7	RD-7	13.4	90	E
	R-2	RD-5	RD-5	19.9	95	E
	R-3	RD-5	RD-5	22.2	101	E
	R-4	RD-5	RD-5	24.4	117	E
	R-5	RD-5	RD-5	20.0	100	E
	R-6	RD-5	RD-5	21.8	108	E
	R-7	RD-5	RD-5	20.0	100	E

Sunrise Douglas Specific Plan
Land Use by Parcel

EXHIBIT A

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Property Owner	Parcel	Land Use	Zone	Acres	Units	Neighborhood
	R-8	RD-7	RD-7	25.4	170	E
	R-9	RD-20	RD-20	2.4	44	E
	R-10	RD-20	RD-20	2.2	41	E
	R-11	CMU	LC	11.7	0	E
	R-12	Park	O	8.8	0	E
	R-13	School	RD-5	5.0	0	E
	R-14	Open Space	O	10.1	0	E
	R-15	CMU	LC	2.3	0	C
Total Base Allocation				209.6	966	
Potential MDR in CMU				3.5	70	
Maximum Potential Residential Allocation					1,036	
Pappas						
	S-1	RD-5	RD-5	32.0	160	E
	S-2	RD-5	RD-5	27.4	137	E
	S-3	RD-7	RD-7	11.6	81	E
	S-4	RD-5	RD-5	27.8	139	E
	S-5	RD-5	RD-5	22.4	112	E
	S-6	RD-4	RD-4	34.6	138	E
	S-7	RD-7	RD-7	6.3	44	E
	S-8	RD-20	RD-20	2.3	46	E
	S-9	CMU	LC	14.9	0	E
	S-10	CMU	LC	4.1	0	E
	S-11	Open Space	O	15.6	0	E
	S-12	Park	O	10.2	0	E
Total Base Allocation				209.2	857	
Potential MDR in CMU				4.8	95	
Maximum Potential Residential Allocation					952	
TOTAL DWELLING UNIT ALLOCATION IN SPECIFIC PLA					9,886	

Sec 7-17.6
[See Condition No. 49 in 607-15(A)]

Table 1
SUNRIDGE SPECIFIC PLAN ONSITE ROADWAY IMPROVEMENT PHASING REQUIREMENTS

C.I.P.		SUNRIDGE ONSITE		SunRidge Specific Plan Ownership Group per Land Use Allocation Table*																			
Project		ROADWAY IMPROVEMENT		A	B-a	B-b	B-c	C	D	E	F	G	H	I	J	K	M	N	O	P	Q	R	S
1			Douglas Rd. (Sunrise Bl. to Jaeger Rd.)		X	X		X	X	X													
2			Douglas Rd. (Jaeger Rd. to Americanos Bl.)												X	X	X	X	X	X	X	X	X
3			Douglas Rd. (Americanos Bl. to Grant Line Rd.)												X	X	X	X	X	X	X	X	X
4			Douglas Rd./Sunrise Bl. signalized intersection																				
5		X	Douglas Rd./Americanos Bl. signalized intersection	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
6			Douglas Rd./Jaeger Rd. signalized intersection		X	X																	
7			Douglas Rd./Grant Line Rd. signalized intersection								X	X	X	X	X	X	X	X	X	X	X	X	X
9			Sunrise Bl. (Douglas Rd. to Pyramid Bl.)	X	X	X	X	X	X	X								X					
10a			Sunrise Bl. (Pyramid Bl. to wetland preserve)		X	X							X	X									
10b			Sunrise Bl. (wetland preserve to Kiefer Bl.)			X																	
12			Sunrise Bl./Pyramid Bl. signalized intersection		X	X		X	X	X													
13			Sunrise Bl./Kiefer Bl. signalized intersection (portion)																				
17			Grant Line Rd. (Douglas Rd. to Pyramid Bl.)			X								X	X								
20			Grant Line Rd./Pyramid Bl. signalized intersection															X					
24			Pyramid Bl. (Sunrise Bl. to Jaeger Bl.)		X	X		X	X	X												X	X
25			Pyramid Bl. (Jaeger Rd. to Americanos Bl.)**											X	X								X
26			Pyramid Bl. (Americanos Bl. to Grant Line Rd.)																				X
27			Pyramid Bl./Jaeger Rd. signalized intersection																				X
28			Pyramid Bl./Americanos Bl. signalized intersection		X	X							X	X									X
30			Americanos Bl. (Douglas Rd. to north SP boundary)																				X
31			Americanos Bl. (Douglas Rd. to central boundary)																				X
32			Americanos Bl. (central boundary to Pyramid Bl.)																X	X	X		X
34			Kiefer Bl. (Sunrise Bl. to Jaeger Rd.)														X						X
37			Kiefer Bl./Jaeger Rd. signalized intersection			X																	X
39			Jaeger Rd. (Pyramid Bl. to wetland preserve)			X																	X
40			Jaeger Rd. (along wetland preserve)		X									X									
41			Jaeger Rd. (wetland preserve to Kiefer Bl.)																				
42			Jaeger Rd. (Douglas Bl. to Pyramid Bl.)																				
43			Sunrise Bl. (Douglas Rd. to Pyramid Bl.) frontage south		X	X						X	X	X	X	X							
44			Sunrise Bl. (Pyramid Bl. to Kiefer Bl.) frontage southb		X	X																	
45			Sunrise Bl. (along w. preserve) frontage northbound			X																	
46			Kiefer Bl. (along w. preserve) frontage westbound			X																	

EXHIBIT A

EXHIBIT A

Table 1

SUNRIDGE SPECIFIC PLAN ONSITE ROADWAY IMPROVEMENT PHASING REQUIREMENTS

C.I.P. Project No.		SUNRIDGE ONSITE ROADWAY IMPROVEMENT	SunRidge Specific Plan Ownership Group per Land Use Allocation Table*																			
			A	B-a	B-b	B-c	C	D	E	F	G	H	I	J	K	M	N	O	P	Q	R	S
47																						
48						X																
49																						
51																						
57			X																			
58			X	X	X																	
59				X			X	X							X	X						
60					X				X	X	X	X	X									
61															X	X					X	X
62															X	X					X	X
			X	X			X	X	X			X	X									X
1. Required major roadway improvement to be determined by County Department of Transportation prior to recording of final map building lots within each SRSP Ownership Group's parcels as indicated in the SRSP Land Use Allocation Map. The criteria are continuity of primary access roadway improvements from Sunrise/Douglas intersection, existing traffic volume to capacity ratios on primary and secondary access routes, level of service at intersections on primary and secondary access routes, effects of additional traffic from the subdivision or project site, and subdivision or project site frontage.																						
2. Listed roadway improvements that are underlined are included in Phase 1 Roadway CIP; those in boldface are on bond eligible list per Figure 17 of PFFP.																						
* Letters identifying Owner Group parcels are associated with the following ownership entities as listed in Appendix F of the SRSP Financing Plan: A = BD Properties, B-a = AKT Anatolia #1, B-b = AKT Anatolia #2, B-c = AKT Anatolia #3, C = DJ Ent/Slagle, D = DJ Ent/Lausevic, E = DJ Ent/Ringen, F = DJ Ent/Jaeger Corner, G = DJ Ent/White, H = DJ Ent/Davis, I = AKT Devel, J = Mofakkar, K = SunRidge Investors, M = SKK (DR-103), N = Stathos (DR-98), O = Weidinger, P = Cupp, Q = Shultz, R = Grantline 208, and S = Pappas.																						
** Pyramid Bl. (Jaeger Rd. to Americanos Bl.) is located offsite to SRSP but within SDCP and is assumed as an SRSP Phase II CIP roadway improvement																						

MEMORANDUM



DATE: February 18, 2014

TO: Honorable Mayor and Council Members

FROM: Matthew Diaz, Associate Planner
Reed Flory, Housing Services Administrator

SUBJECT: MATHER VETERANS' VILLAGE TENTATIVE PARCEL MAP; PROJECT NO. DD8438 – 3611 BLECKLEY STREET.

PROPERTY OWNER: County of Sacramento Mr. Clark Whitten 700 H Street, 7th Floor Sacramento, CA 95814	APPLICANT/DEVELOPER: Mercy Housing California Mr. Jeffery Riley/Mr. Stephan Daues, VP 3120 Freeboard Drive, Suite 202 West Sacramento, CA 95691
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PROJECT: FILE: LOCATION: APN: PLANNER:	Mather Veterans' Village Tentative Parcel Map; Project No. DD8438 – Located at 3611 Bleckley Street. DD8438 3611 Bleckley Street (Northeast corner of Schirra Avenue and Bleckley Street) 067-0010-099-0000 Matthew Diaz, Associate Planner Reed Flory, Housing Services Administrator
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RECOMMENDATION

Adopt Resolution No. 15-2014.

RESULT OF RECOMMENDED ACTION

Adoption of Resolution No. 15-2014 would approve the applicant's request to subdivide a developed 20.17 acre parcel into four new parcels. The new 1.38 acre parcel contains an existing 24,093 square foot building while the new 1.19 acre and 1.11 acre parcels are comprised of existing parking and landscaped areas. The 16.49 acre remainder parcel has a variety of different structures with parking and landscaping as well as some undeveloped sections adjacent to Femoyer Street. This subdivision is necessary to implement the Mather Veterans' Village housing project (DD7915) that was approved by City Council on July 15, 2013.

BACKGROUND

Mather Veterans' Village Housing Project

The Mather Air Force Base was decommissioned in 1993, resulting in a surplus of undeveloped and underutilized land partially located within the boundaries of what would become the City of

Rancho Cordova. The County of Sacramento, in partnership with the Sacramento Housing and Redevelopment Agency (SHRA) formed the Mather Redevelopment Area that set development guidelines and zoning for the former military site. A significant portion of the under-utilized land, including the acreage identified as the site for the proposed Mather Veterans' Village, was indicated for residential use.

In 2010 Sacramento County and the SHRA released a Request for Proposals for the development of the Mather Veterans' Village housing and support services project for the proposed site at what is now 3611 Bleckley Street. Mercy Housing was selected as the developer for the project from the RFP process. In 2012 the City, in partnership with Mercy Housing and the County of Sacramento identified a 3.69 acre site as the development site for the Mather Veterans' Village, which includes an existing 24,093 square feet infirmary building.

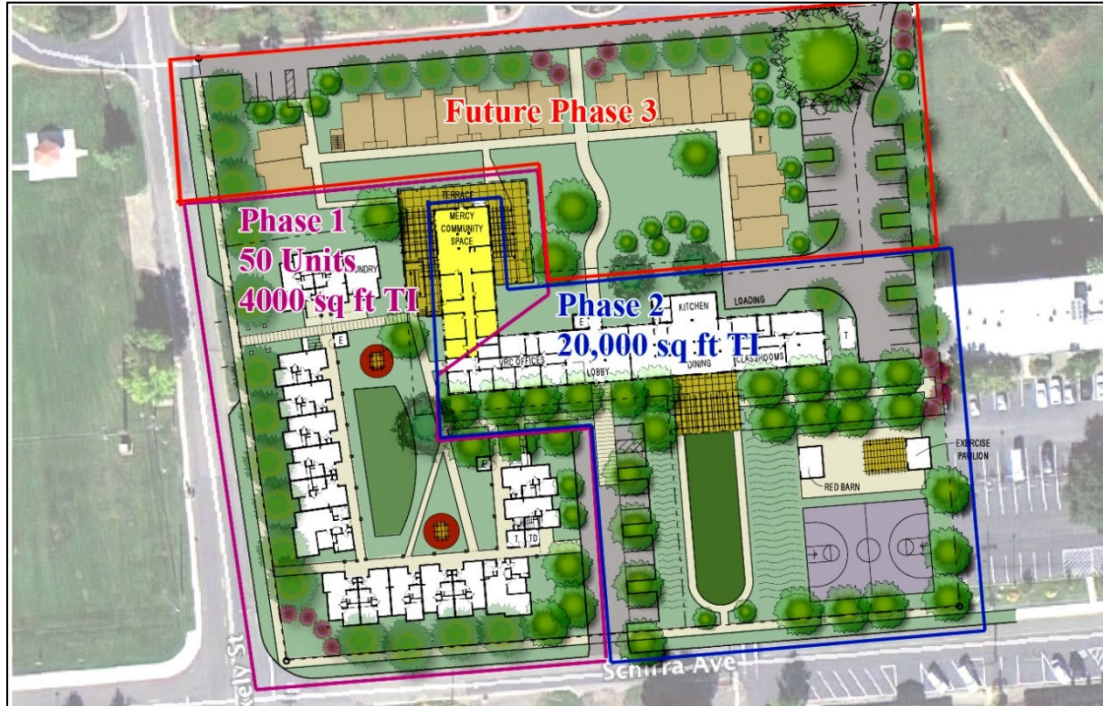
The project development team consists of Mercy Housing and Veterans' Resource Center of America (VRCA) who provides services for homeless and disabled veterans and manages transitional housing facilities across the state. The Mather Veterans' Village is co-sponsored by the City of Rancho Cordova, County of Sacramento, and the Mather VA Hospital.

On June 11, 2013 the City received site control of the property from the County in the form of a 99 year lease, and ownership of the existing infirmary building (purchased for \$1.00). The first two phases of the Mather Veterans' Village project were prepared for design review to support a March 2014 tax credit application for construction financing, and a winter of 2013 application for Veterans Affairs Supportive Housing (VASH) vouchers from SHRA, as allocated from the Federal Department of Housing and Urban Development HUD.

Mather Veterans' Village is a planned transitional and permanent supportive housing development that would serve disabled and homeless veterans. The multi-phase project would ultimately consist of approximately 100 units of permanent supportive housing (in two 50-unit phases) and in another phase of up to 60 transitional beds. The development would consist of a service-rich living environment provided in a community setting. The overall site would include common areas, a group dining area, classrooms and case work offices. The site would provide for indoor and outdoor recreation and gardening areas.

Funding and subsidies for the multiple stages of Mather Veterans' Village would come from multiple sources. Phase I would consist of 50 new construction Permanent Supportive Housing units plus the conversion/rehabilitation of the ground floor of the northwesterly wing of the old infirmary building. With a successful Tax Credit application, capital funding requirements for phase I will be in hand (\$11.9 million). With the exception of successful future grant applications and possible CDBG assistance, the City's financial participation will be limited to its current \$2.0 million Local Housing Trust Fund commitment.

Figure 1: Proposed Mather Veterans' Village Site Plan



Phase II of the development of Mather Veterans' Village is proposed to be the conversion of the Old Infirmary Building as up to 60 transition beds and ancillary facilities. Since part of that existing structure would provide the "common area" and "administrative" spaces of the phase I development, it is hoped that we might be able to rehabilitate phase II in concert with phase I development. To this end, the co-sponsors and development team are embarking on a \$2.5 million corporate fundraising effort.

On July 15, 2013 the City Council unanimously approved the Condition Use Permit and Design Review Permit (DD7915) for the Mather Veterans' Village housing project. This review included the design review of two new buildings, the renovation of the existing 24,093 square foot infirmary, parking area, landscaping, and recreational facilities for the new housing complex. For financing purposes associated with the project's financing, a subsequent subdivision was required to divide the project into independent parcels.

Proposed Project

The City of Rancho Cordova received an application on January 29, 2014 requesting a Tentative Parcel Map to create four (4) new parcels;

- Parcel 1: A new 1.11 acre parcel with an existing paved parking area and landscaping;
- Parcel 2: A new 1.19 acre undeveloped parcel adjacent to an existing building;
- Parcel 3: A new 1.38 acre parcel with an existing 24,093 square foot two-story office building, paved parking area and landscape;

- Parcel 4: A new 16.49 acre remainder parcel with existing buildings for the Sacramento County Human Assistance facility, a passive park adjacent to Bleckley Street, miscellaneous County building for offices and veterans lodging, paved parking areas, landscaping, and portions of undeveloped land east of Femoyer Street.

The parcel map is a requirement to complete the necessary grant applications tied to the approval of the Mather Veterans' Village housing project. Funding for the project includes:

- \$2.0 million from the State Housing Trust Fund
- \$0.30 million in estimated land value from a City/County 99 year lease ?
- \$0.95 million from State Infrastructure Infill Program (in receipt of award letter)
- \$3.0 million from State Supportive Housing Program (in receipt of award letter)
- \$0.25 million per year from the Continuum of Care
- \$0.25 million per year from Veterans Affairs Supportive Housing (VASH) Housing vouchers and case working subsidies. (in receipt of award recommendation letter)
- Approximately \$11.5 million Tax Credit application to be submitted March 5, 2014. Notice of award expected June 11, 2014.

The application was routed to the City's commenting agencies and reviewed for environmental concerns.

Figure 2: Existing 20.17 acre Parcel

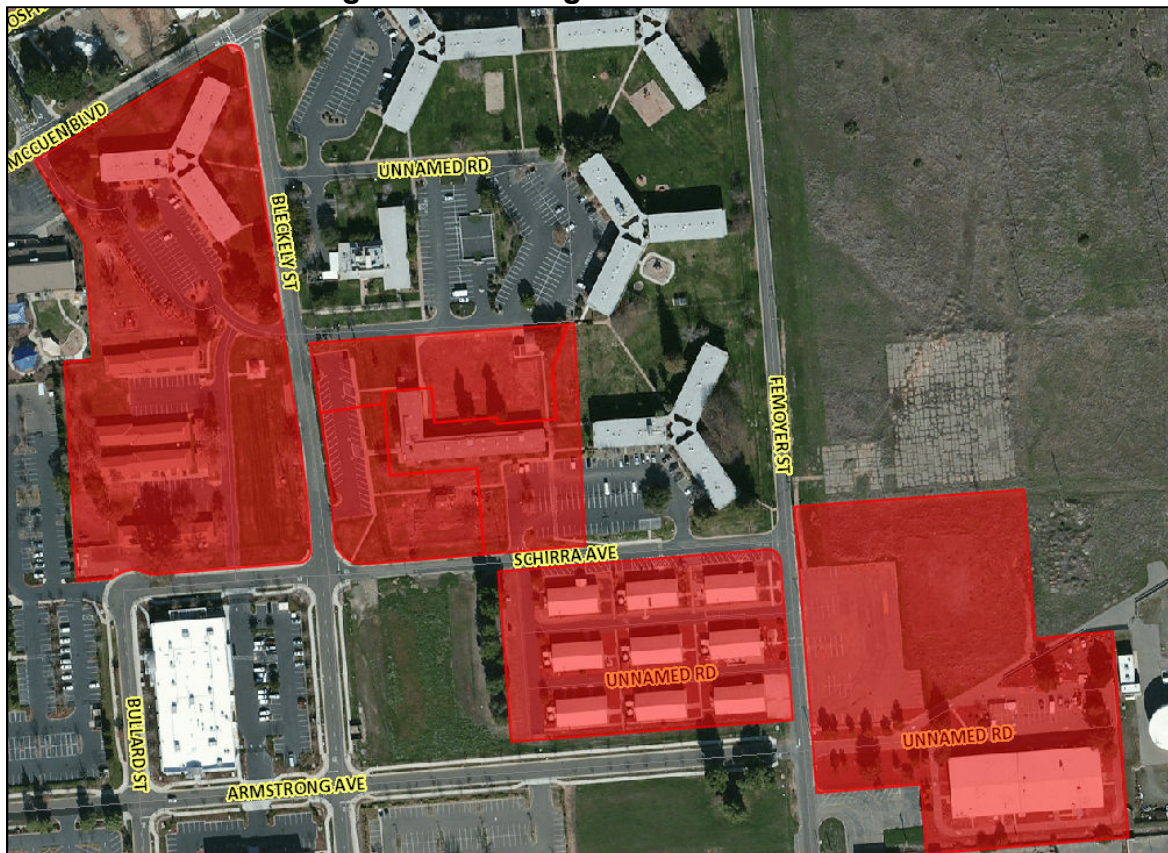
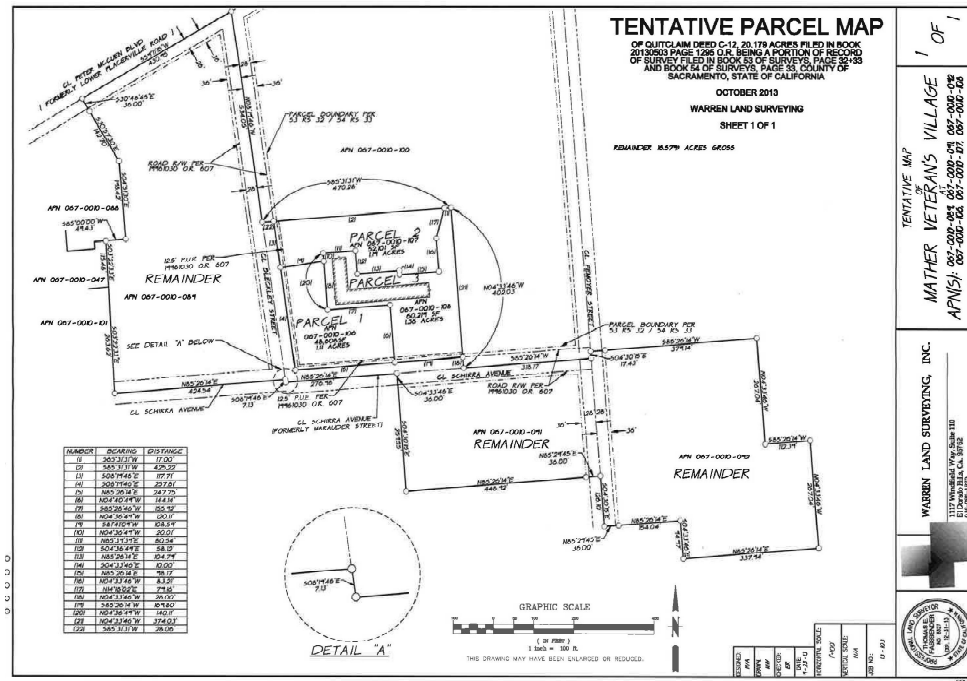


Figure 3: Proposed lot Split



REQUIRED PERMITS AND REGULATORY BASIS

According to the State Subdivision Map Act and Municipal Code, a single commercial parcel may be split up into separate lots with a Parcel Map, guided by the following provisions:

1. Subdivision Map Act Section 66428 and 66444- Requirements for and the provisions to approve the subdivision of land into four or less lots.
2. RCMC Title 22, Land Development, provides the local authority under the Subdivision Map Act to subdivide land.
3. The Mather Area Special Planning Area (MASPA) provides the local authority for all development standards to regulate the use and size of the new parcels created with this subdivision.

ANALYSIS

The applicant is requesting approval of a Tentative Parcel Map to divide a single parcel of 20.17 acres into four (4) parcels and does not propose any physical improvements or changes in use.

This subdivision is required to fulfill the financial obligations of the Mather Veterans' Village housing project that was approved by City Council on July 15, 2013.

General Plan:

The project site is located in the Office Mixed-Use (OMU) of the City's General Plan. This project does not propose any new use or physical change to the existing facilities outside of what was previously approved and the new parcels will be consistent with the General Plan development standards for high density development.

Figure 4: Aerial of Project Site with Photo locations

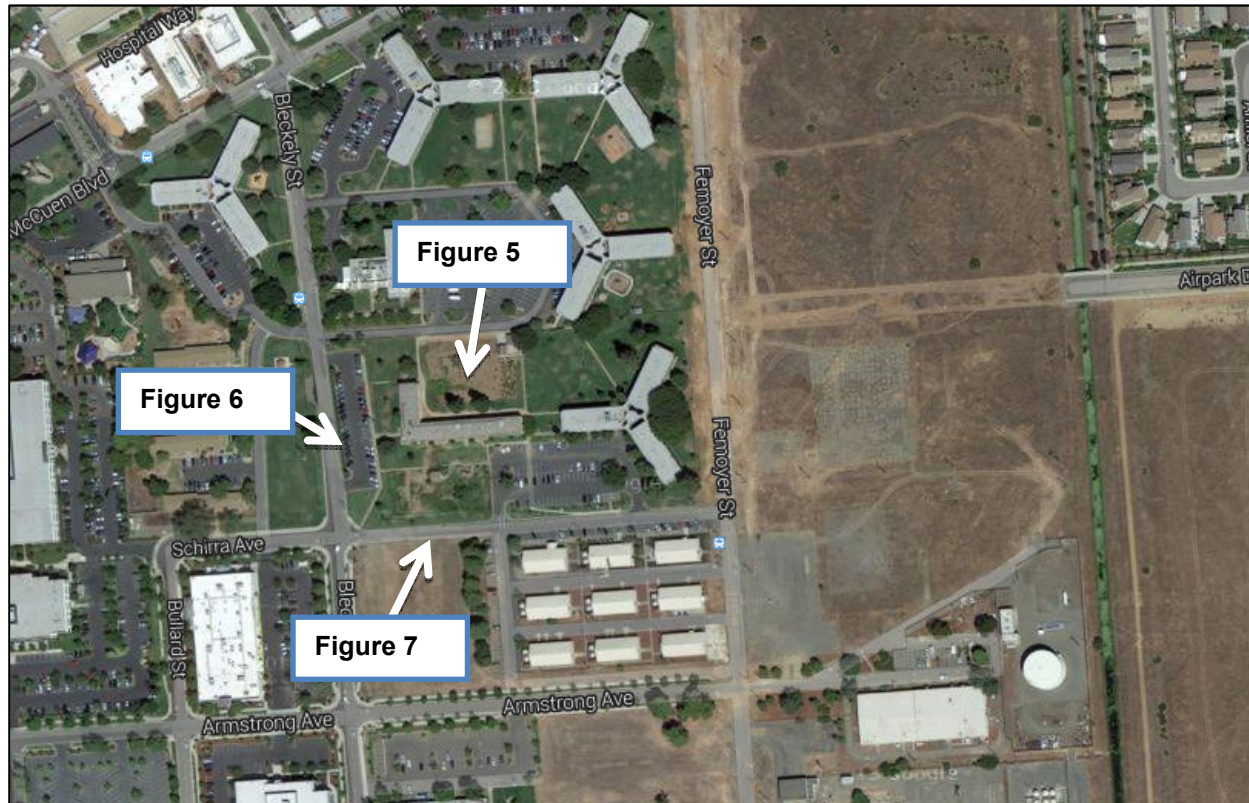


Figure 5: Photo from North Property Line of the Proposed Parcel 2 looking South



**Figure 6: Photo from existing Neighborhood Park looking east
From Bleckley Street**



Figure 7: Photo looking North from Schirra Avenue



Special Plan Area

The Mather Field Special Planning Area (MFSPA) is the regulatory document that guides development of the proposed project site. Specifically, the project is within the Human Service sub-area of the Campus District which was amended on June 3, 2013 to include both transitional and permanent supportive housing as allowable by right. The subdivision will be consistent with the MFSPA development standards for new lots and will help implement the long-term goals of the MFSPA by helping to transition the Mather Area from a former military base to usable public land by ensuring the Mather Veterans' Village project's completion.

The conditions of approval for this subdivision have been drafted as to not conflict nor amend the previous conditions of approval for the Mather Veterans' Village housing project. Any improvement to the site must be in accordance with this approval as well as the previous conditional use permit and design review that was approved in 2013.

Title 22- Land Development

Title 22 of the City of Rancho Cordova Municipal Code regulates land division and is intended to supplement and implement the Subdivision Map Act. The proposed project, as conditioned, is consistent with requirements and procedures of a tentative parcel map application.

CONCLUSION

The required findings to approve a map and the supporting evidence are provided within the attached resolution, accompanied by the draft conditions of approval.

RECOMMENDED MOTIONS

Staff recommends that the City Council find the project to be in compliance with the California Environmental Quality Act (CEQA) as a Class 15 exemption per section 15315 “Minor Land Division” and adopt Resolution Number 15-2014 the Tentative Parcel Map for Mather Veteran’s Village DD8438 subject to the findings, Project Plans (**Exhibit A**) and Conditions of Approval (**Exhibit B**).”

ATTACHMENTS

1. Resolution No. 15-2014, including Tentative Parcel Map (**Exhibit A**) and subject to the Conditions of Approval (**Exhibit B**).
2. 500’ Radius Map and Labels.

ATTACHMENT 1

CITY OF RANCHO CORDOVA

RESOLUTION NO. 15-2014

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RANCHO CORDOVA
FOUR LOT TENTATIVE PARCEL MAP, PROJECT NO. DD8438**

WHEREAS, Mercy Housing California (hereinafter referred to as Applicant) filed an application with the City of Rancho Cordova for a four lot Parcel Map, for the property located at 3611 Bleckley Street. (Assessor's Parcel Number: 067-0010-099-0000); and

WHEREAS, the City Council is the appropriate authority to hear and take action on this project; and

WHEREAS, the City Council of the City of Rancho Cordova has conducted a properly noticed public hearing pursuant to Government Code Section 65090 and has duly considered all written and verbal testimony presented during the hearing.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF RANCHO CORDOVA
HEREBY RESOLVES AS FOLLOWS:**

1. Determine that the project site was adequately analyzed according to the California Environmental Quality Act (CEQA) Guidelines and is Categorically Exempt under Section 15315, Minor Land Divisions; and
2. Approves the proposed Tentative Parcel Map (**Exhibit A**), subject to Conditions of Approval (**Exhibit B**), based upon the following findings.

Findings: Section 66474 of the California Subdivision Map Act requires a City to deny approval of a tentative map, if any of the findings are found to be true. In the case of the proposed map, none of the required findings were found to be true. The following evidence supports the map request:

- A. That the proposed map is not consistent with applicable general and specific plans as specified in Section 65451.

The proposed project is consistent with the General Plan land use designation specified for this parcel. The current uses and buildings are consistent with the existing development standards of the General Plan planning area and the Mather Field Special Planning Area (MFSPA) Human Service sub-area.

- B. That the design or improvement of the proposed subdivision is not consistent with applicable general and specific plans.

The proposed project is consistent with the General Plan the land use designation specified for this parcel and the Mather Field Special Planning Area (MFSPA) Human Service sub-area. The current uses and buildings are consistent with the existing development standards of the General Plan designation of Mather Planning Area and the Mather Field Special Planning

ATTACHMENT 1

Area (MFSPA) Human Service sub-area for lot size and intensities. No changes to the existing uses are proposed with this application.

- C. That the site is not physically suitable for the type of development.

The site is physically suitable to divide one parcel into four parcels that will allow each of the approved Mather Veterans' Village housing project buildings to be placed on its own lot, consistent with the approved phasing of the project's construction. The proposed parcels will be supported by on-site parking and landscape requirements of the Mather Field Special Planning Area (MFSPA) Human Service sub-area which is subject to Sacramento County zoning regulations.

- D. That the site is not physically suitable for the proposed density of development.

The site is physically suitable for the proposed density of development. The proposed project is to divide an existing parcel into four lots to implement a financial requirement of the approved Mather Veterans' Village housing project. No additions or improvements are proposed at this time.

- E. That the design of the subdivision or the proposed improvements are likely to cause substantial environmental damage or substantially and avoidably injure fish or wildlife or their habitat.

The proposed project does not involve any physical improvements or changes in use. The site is currently developed with paved parking, landscaped areas, and existing buildings. There are some undeveloped areas that could contain sensitive plant and/or wildlife within the 16.49 acre remainder parcel; however this application does not propose to develop those sites. The proposed project is categorically exempt per section 15315, Minor Land Divisions of the California Environmental Quality Act which allows the division of property, subject to specific limitations that do not apply to this parcel.

- F. That the design of the subdivision or the type of improvements is likely to cause serious public health problems.

The subdivision of one parcel into four new parcels would allow each of the approved Mather Veterans' Village housing project buildings to be placed on its own lot, consistent with the approved phasing of the project's construction. The project does not propose any physical change and will not disturb any undisturbed or contaminated soil.

- G. That the design of the subdivision or the type of improvements will conflict with easements, acquired by the public at large, for access through or use of property within the proposed subdivision. In this connection, the legislative body may approve a map if it finds that alternate easements, for access or for use, will be provided, and that these will be substantially equivalent to ones previously acquired by the public.

ATTACHMENT 1

There are existing easements within the proposed subdivision for utilities along the property. No change is proposed with this subdivision; however construction of the approved Mather Veterans' Village housing project will require street improvements, drainage and access easements. These improvements were included into the original conditions of approval for the Design Review permit of the Mather Veterans' Village housing project that was approved by the City Council on July 15, 2013.

PASSED AND ADOPTED by the City Council of the City of Rancho Cordova on the ____ day of _____, 2014 by the following vote:

AYES:

NOES:

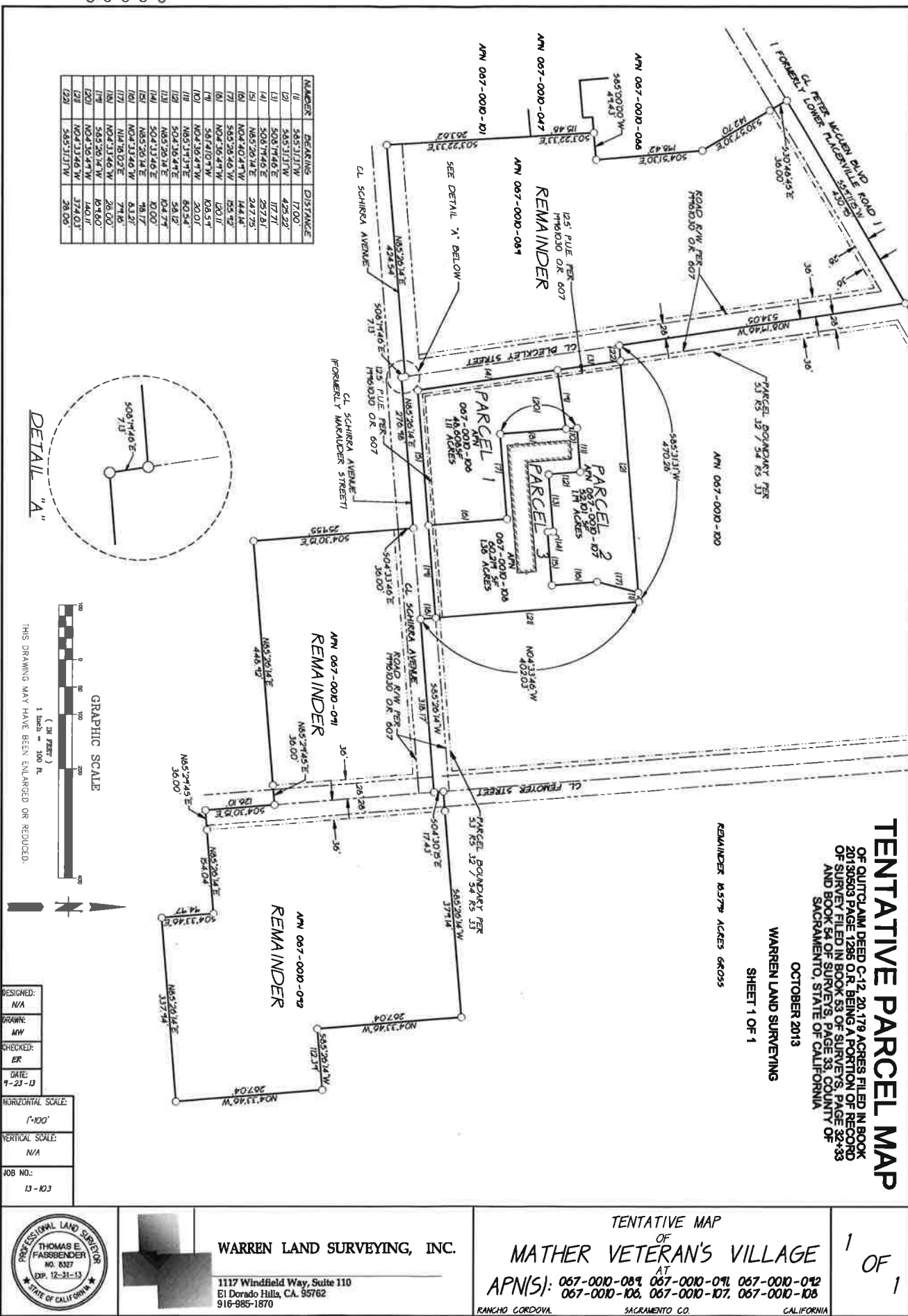
ABSENT:

ABSTAIN:

Dan Skoglund, Mayor

ATTEST:

Mindy Cuppy, CMC, City Clerk



Conditions of Approval

		<u>Timing/ Implementation</u>	<u>Enforcement/ Monitoring</u>	<u>Verification (date & Signature)</u>
1.	The approved entitlement is for a Tentative Parcel Map, to subdivide one (1) parcel (APN 067-0010-099-0000) into four (4) parcels, as described in the City Council staff report dated February 18, 2014 and Tentative Parcel Map (Exhibit A) dated stamped January 29, 2014 with the conditions herein, for project number DD8438.	On-Going	Planning	
2.	The Applicant shall hold harmless the City, its Council Members, officers, agents, employees, and representatives from liability for any award, damages, costs and fees incurred by the City and/or awarded to any plaintiff in an action challenging the validity of this permit or any environmental or other documentation related to approval of this permit. Applicant further agrees to provide a defense for the City in any such action.	On-Going	Planning	
3.	The Tentative Parcel Map approval is valid for three years from the date of City approval, unless an extension of time is subsequently approved per Government Code Section 66452.6(e).	Three years, commencing with the date of approval	Planning	
4.	Any future alteration to the buildings, change in use, intensification of the site, or modification to the parking and landscaped area must be reviewed by the City to ensure compliance with all local, state, and federal regulations.	On-Going	Planning/ Building /Public Works	
5.	Applicant shall be responsible for all damage to City streets associated with construction of the project and shall repair any damage as soon as possible.	On-Going	Public Works	
Prior to Final Map or completion of other development permits				
6.	Storm Water Drainage Maintenance District. Property owner shall annex the property into CFD No. 2013-1 (Storm and Flood Protection Services) for the purpose of providing a financial mechanism to fund the operation and maintenance of the project's storm water drainage system.	Prior to final map or issuance of building permit, whichever occurs first.	Public Works	

Conditions of Approval

		<u>Timing/ Implementation</u>	<u>Enforcement/ Monitoring</u>	<u>Verification (date & Signature)</u>
7.	Property Owner/Applicant shall participate in a funding mechanism for maintenance of any existing or new publicly maintained frontage and median landscaping associated with the project by annexation to the City Landscape Maintenance Community Facilities District. All costs associated with the annexation shall be borne by the Property Owner/Applicant. Contact: Elizabeth Sparkman at (916) 851-8714 as there may be a 2-3 month lead time to satisfy this condition.	Prior to final map or issuance of building permit, whichever occurs first.	Public Works	
8.	Property Owner/Applicant shall participate in a funding mechanism for fair share maintenance of any existing and all new public improvements associated with the project including but not limited to streets, bridges/culverts, traffic signals, traffic signs, striping and legends, ITS operations, street lights, and fair share landscape maintenance of any existing and all new publicly maintained frontage, medians, and neighborhood/community parks, neighborhood greens, wetland buffers and park corridors not otherwise maintained by CRPD associated with the project. This shall be accomplished by participation in the formation of or annexation to the City's CFD (Street, Lighting and Landscape Maintenance). All costs associated with the annexation shall be borne by the Property Owner/Applicant. Contact Elizabeth Sparkman at (916) 851-8714 to satisfy this condition.	Prior to final map or issuance of building permit, whichever occurs first.	Public Works	
9.	Property Owner/Applicant shall participate in the provision of funding to provide transit-related services by voting to approve a special tax. The tax shall be the annual amount (with appropriate annual inflation adjustment) as established at the time of voting by the City Council. The election to provide for the tax shall be completed prior to the issuance of building permits. The property owner shall be responsible for paying all costs associated with holding the election. The tax shall be due at the time specified in the ordinance imposing the tax. In addition, the Owner of the property shall hold a deed assessment in the form of Conditions, Covenants & Restrictions against the property, or other form as shall be approved by the City, which assessment will take effect in the event the special tax described in this Condition of Approval is reduced or repealed. Contact: Elizabeth Sparkman at (916) 851-8714 as there may	Prior to final map or issuance of building permit, whichever occurs first.	Public Works	

Conditions of Approval

		<u>Timing/ Implementation</u>	<u>Enforcement/ Monitoring</u>	<u>Verification (date & Signature)</u>
	be a 1-2 month lead time to satisfy this condition.			
10.	Applicant shall photo-document the condition of adjacent streets, sidewalks and infrastructure to the satisfaction of the Public Works Department.	Prior to approval of improvement plans	Public Works	
11.	Applicant shall complete improvement plans to the satisfaction of the Public Works Department. Improvement plans shall include, but shall not be limited to: • All onsite civil improvements. • Civil plan shall include an ADA access plan • All facilities, including but not limited to, sidewalk, curb and gutter, driveways, etc. shall be upgraded to meet current ADA requirements and City Standards. City standards include, but are not limited to, minimum 6-foot wide separated sidewalk with vertical curb and gutter on entire property frontage. Any obstructions to the improvements shall be relocated. • Sufficient offsite facilities including but not limited to offsite ramps, sidewalk, curb and gutter shall be installed to provide pedestrian access to existing sidewalk which continues north of the site on the west side of Bleckley Street. • Utility laterals. • Label all private and public utilities. Provide easements for public utilities. • The proposed turnout shall be maintained by the owner. Enter into a maintenance agreement to the satisfaction of the Public Works Department. • Public improvement plans shall clearly delineate all transitions to existing improvements. • All improvements to be designed and constructed to the satisfaction of the Public Works Department. • Install two new streetlights to the satisfaction of the Public Works Department, one on Bleckley Street and one on Schirra Avenue. Street Lighting shall conform to all City improvement standards.	Prior to final map or issuance of building permit, whichever occurs first.	Public Works	

Conditions of Approval

		<u>Timing/ Implementation</u>	<u>Enforcement/ Monitoring</u>	<u>Verification (date & Signature)</u>
	All overhead utilities shall be undergrounded. A note shall be placed on the parcel map summarizing the required public improvements.			
12.	Incorporate permanent stormwater quality treatment measures into the site improvement plans in conformance with applicable County ordinances & standards, and state and federal law.	Prior to approval of improvement plans	Public Works	
13.	Install public improvements per the approved Public Works plans and to the satisfaction of the Public Works Department.	Prior to final building inspection of the first unit	Public Works	
14.	Dedicate right-of-way for a standard corner rounding at the intersection of Bleckley Street and Schirra Avenue.	Prior to approval of improvement plans	Public Works	
15.	Enter into a frontage agreement and bond for construction of public improvements per the approved Public Works plans to the satisfaction of the Public Works Department.	Prior to approval of improvement plans	Public Works	
16.	Applicant shall submit landscaping plans demonstrating conformance with the Water Use and Conservation provisions.	Prior to approval of improvement plans	Public Works/ Planning	
17.	Designer shall certify that installed landscaping conforms to City water conserving landscape requirements.	Prior to final Building Inspection	Public Works/ Planning	
18.	Number, size, and location of driveways are subject to approval by the Public Works Department	Prior to approval of improvement plans	Public Works	
19.	Provide proof of ingress-egress rights over APN: 067-0010-100.	Prior to final map or issuance of building permit, whichever occurs first.	Public Works	

Conditions of Approval

		<u>Timing/ Implementation</u>	<u>Enforcement/ Monitoring</u>	<u>Verification (date & Signature)</u>
20.	As-Built reproducible grading and improvement plans, as well as a compact disc containing said plans in AutoCAD and pdf format, and a table containing the coordinates of public facilities shall be submitted and approved by the Public Works Department.	Prior to final building inspection	Public Works	
21.	A note shall be placed on the final map stating that "Reciprocal access and parking between parcels shown hereon shall be granted/reserved prior to the sale and/or reconveyance of said parcels.	Prior to final map	Public Works	
22.	Connection to the Sacramento SASD sewer system shall be required to the satisfaction of SASD.	Prior final map	Sacramento Area Sewer District (SASD)	
23.	Each parcel with a sewage source shall have a separate connection to the SASD public sewer system. If there is more than one building in any single parcel and the parcel is not proposed for split, then each building on that parcel shall have a separate connection to a private on-site sewer line or SASD public sewer line.	Prior final map	Sacramento Area Sewer District (SASD)	
24.	In order to obtain sewer service for this project, construction of onsite and offsite sewer infrastructure will be required. SASD Design Standards apply to any on-site and off-site sewer construction.	Prior to final map	Sacramento Area Sewer District (SASD)	
25.	Sewer easements will be required. All sewer easements shall be dedicated to SASD, in a form approved by the District Engineer. All SASD sewer easements shall ensure continuous access for installation and maintenance. SASD will provide maintenance only in public right-of-ways and in easements dedicated to SASD.	Prior to final map	Sacramento Area Sewer District (SASD)	
26.	The subject project owner(s) and successors in interest thereof, shall be responsible for repair and/or replacement of all non-asphalt and/or enhanced surface treatments of streets and drives (such as stamped/colored/decorative concrete, concrete pavers, etc.) within these easements damaged by SASD maintenance and repair operations, including landscaping, channelizations, lighting, fountain area, sidewalk, and any other appurtenances conflicting therein. This requirement shall be set forth in easement grant documents and be a covenant running	Prior to final map	Sacramento Area Sewer District (SASD)	

Conditions of Approval

		<u>Timing/ Implementation</u>	<u>Enforcement/ Monitoring</u>	<u>Verification (date & Signature)</u>
	with the land, be a responsibility of successors in interest in future land transfers and divisions, and by language approved by SASD. SASD will only replace asphalt and standard concrete roadway/driveway disturbed due to maintenance/repair of its sewer line. If disturbed surfacing consists of decorative or stamped concrete, SASD will only replace with standard concrete.			
27.	Developing this property will require payment of sewer impact fees to both SASD and SRCSD, in accordance with each District's Ordinances. Applicant should contact Permit Services Unit at (916) 876-6100 for sewer impact fee information.	Prior to final map	Sacramento Area Sewer District (SASD)	
28.	If the total area of the developed or redeveloped impervious surfaces (building rooftop, flat work, and parking areas) equals or exceeds 1.0 acres, incorporate permanent stormwater quality treatment measures in conformance with applicable City of Rancho Cordova requirements.	Prior to final map	Sacramento Area Sewer District (SASD)/ Public Works	
29.	Provide separate public water service to each parcel and building. All water lines shall be located within a public right-of-way or within easements dedicated to Sacramento County Water Agency. Easements shall be reviewed and approved by Sacramento County Water Agency prior to Improvement Plan approval or Final Map approval.	Prior to final map	Sacramento County Water Agency	
30.	Destroy all abandoned wells on the proposed project site in accordance with the requirements of the Sacramento County Environmental Health Division. Clearly show all abandoned/destroyed wells on the improvement plans for the project. Prior to abandoning any existing agricultural wells, applicant shall use water from agricultural wells for grading and construction.	Prior to final map and/or improvement plans	Sacramento County Water Agency	
31.	Prior to the issuance of building permits the applicant must conduct water use efficiency review and submit the findings in required environmental documentation for the project.	Prior to final map and/or issuance of building permit	Sacramento County Water Agency	
32.	Prior to the issuance of any building permits for the project, the project developer/owner shall pay Zone 40 development fees applicable at the	Prior to final map and/or issuance	Sacramento County	

Conditions of Approval

	<u>Timing/ Implementation</u>	<u>Enforcement/ Monitoring</u>	<u>Verification (date & Signature)</u>
	time of building permit issuance in accordance with Title 4 of the Sacramento County Water Agency (SCWA) Code.	Water Agency	



06700100130000

UNITED STATES OF AMERICA

10593 PETER A MCCUEN BLV

MATHER, CA 95655

06700100470000

SACTO MEDICAL FOUNDATION

10536 PETER A MCCUEN BLV

MATHER, CA 95655

06700100720000

SECURITY NATIONAL OFFICES LLC

323 5TH ST

EUREKA, CA 95502

06700101000000

UNITED STATES OF AMERICA

10546 PETER A MCCUEN BLV

MATHER, CA 95655

06700100910000

UNITED STATES OF AMERICA

10546 PETER A MCCUEN BLV

MATHER, CA 95655

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MATHER DEVELOPMENT PARTNERS V L P

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SACRAMENTO, CA 95814

06710100010000

SACTO METROPOLITAN FIRE DISTRICT

2101 HURLEY WAY

SACRAMENTO, CA 95825

06700100930000

COUNTY OF SACRAMENTO

700 H ST 4650

SACRAMENTO, CA 95814

06700100880000

COUNTY OF SACRAMENTO

700 H ST 4650

SACRAMENTO, CA 95814